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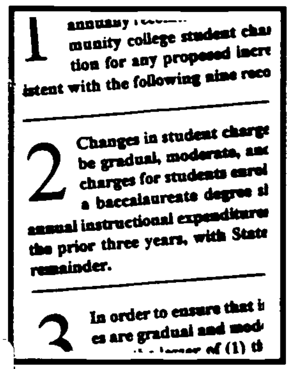
ABSTRACT

This report provides California Postsecondary Education Commission recommendations for developing a long-term fee policy for the state's community colleges. Following background information on the legislative mandate to review postsecondary fee policies, demographic and fiscal challenges confronting California are described, indicating that the increasing numbers of students are threatening the state's goal of affordable education for all. The Commission's philosophy regarding access for all students and five principles underlying the fee recommendations are then described. Finally, 10 recommendations for a community college fee policy are presented, including that the Board of Governors annually recommend fee levels to the Legislature, that fee changes be gradual and moderate, that fees continue to be assessed on a per-unit basis, that fee waivers and adequate information on waivers and financial aid continue to be provided, and that alternative sources of funding be identified. The bulk of the report provides the following three appendixes: (1) a discussion of policy questions related to community college student charges, including the state's current financial situation, the current status of fees and financial aid at community colleges, and issues that should guide the development of a new policy; (2) a review of funding sources, instructional expenditures, courses offered, student characteristics, financial aid, and enrollment changes at the colleges; and (3) a report on four Commission recommendations for developing undergraduate student fee policies. (AJL)

A NEW STATE POLICY ON COMMUNITY COLLEGE STUDENT CHARGES


1 annually ... munity college student cha... tion for any proposed incre... istent with the following nine reco...

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CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

FEBRUARY 1995

COMMISSION REPORT 95-1

Summary

In Supplemental Report Language to the 1991-92 State Budget Act, the Legislature asked the Commission to coordinate an intersegmental review of student fee and financial aid policies for California's public colleges and universities. Specifically, the Legislature requested the Commission to work with a broad-based advisory committee to analyze the impact that alternative student fee and financial aid policies would have on the State's public colleges and universities.

During 1992 and 1993, the Commission's Ad Hoc Committee on the Financing and Future of California Higher Education examined alternative student fee and financial aid policies, and in June 1993 the Commission adopted recommended student fee policies for undergraduate students at the University of California and the California State University.

To facilitate the Commission's progress toward adoption of a student fee policy for the California Community Colleges, the Ad Hoc Committee agreed in October 1994 to a set of principles as the basis of ten Commission recommendations on that policy, which are presented in this document on pp. 4-6.

The Commission adopted this report at its meeting on February 6, 1995, on recommendation of the Ad Hoc Committee. Further information about the report may be obtained from Karl M. Engelbach, Senior Policy Analyst, Academic Programs and Policy, California Postsecondary Education Commission, at (916) 322-7331. Additional copies of the report may be obtained by writing the Commission at 1303 J Street, Suite 500, Sacramento, California 95814-2938; or calling (916) 445-7933.

A NEW STATE POLICY ON COMMUNITY COLLEGE STUDENT CHARGES

Recommendations of the California Postsecondary Education Commission

POSTSECONDARY
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COMMISSION

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION
1303 J Street • Suite 500 • Sacramento, California 95814-2938

POSTSECONDARY CALIFORNIA EDUCATION COMMISSION

COMMISSION REPORT 95-1
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A NEW STATE POLICY ON COMMUNITY COLLEGE STUDENT CHARGES

Impetus for this report

In Supplemental Report Language to the 1991-92 State Budget Act, the Legislature requested the Commission to coordinate an intersegmental review of student fee and financial aid policies for the State's public colleges and universities. Over nearly four years, the Commission has been responding to this legislative request.

In June 1993, after extensive discussion and analysis, the Commission adopted recommendations pertaining to undergraduate student charges at the State's two public universities that it subsequently forwarded to the Governor and Legislature for their consideration. However, at that time, the Commission did not adopt recommendations relating to student charges at the State's community colleges, in large measure because of the unique and significantly different role these colleges play in the State's higher education system, and the Commission's desire to fully consider those distinctions in its fee policy recommendations for the colleges.

Since that time, the Commission has limited the focus of its fee discussions to those pertaining to student charges at the community colleges. The Commission formulated and discussed a series of policy questions relating to community college student charges which it felt should be addressed in its final policy recommendations (Appendix A). In discussing this issue, the Commission also considered a wealth of information about the colleges and their previous fee and financial aid policies (Appendix B). Further, in discussing fee policies generally, the Commission considered some 15 different policy options and carefully assessed the enrollment and fiscal implications of the four most viable of them as it contemplated its final recommendations for the community colleges (Appendix C).

Statewide context

In grappling with this complex issue, it is important to understand the changes occurring statewide with regard to the State's population and its available revenues. As California is poised on the edge of the twenty-first century, the demographic and fiscal challenges confronting its educational system are unparalleled.

- The population of the schools is growing at the fastest rate in over 30 years, and the Class of 2000 is expected to be the largest that has graduated from high school in the State's history. Added to this growth in numbers is growth in diversity. Already, no single racial/ethnic group constitutes a majority of California's elementary school population, and, by the year 2000, this will be true of the State's high school graduates as well. Yet information on the academic progress of students shows that the State's schools and colleges are less successful in meeting the educational needs of the fastest growing racial/ethnic groups and of students from low-income families than they are for other students. Providing equitable educational opportunities for these students is not only a moral imperative for California but also a socioeconomic necessity, since on it will rest the continued economic and civic well-being of the State.

- The last time California was confronted with a burgeoning college-age population, its economy was robust, but now its economic condition is weaker than at any time since the great Depression of the 1930s. For the past three years, the State has been making budget decisions that have resulted in fewer postsecondary opportunities for this current generation of students than for those of the past three decades. Out of every five financially needy students who are eligible for a Cal Grant financial aid award from the State, only one has been fortunate enough to receive an award. Over the past two years, student fees at both the University and State University have grown by over 50 percent -- despite the State's policy that increases be gradual, moderate, and predictable. For a number of reasons, including these, the State University enrolled nearly 40,000 fewer students this past year than demographic trends had projected.

As a result, the basic principles that have guided public postsecondary education in California since the 1960 Master Plan for Higher Education -- full access, high quality, affordable cost, and opportunities for choice among institutions -- are jeopardized. Unfortunately, this danger is not simply a function of today's hard economic times. In addition to more revenues, the State needs a more flexible budgetary structure if its educational institutions are to keep pace with the burgeoning growth in the number of potential students. Even though California is showing signs of recovery from the recession of the past four years, without significant changes in the State's budget process, the State will be unable to commit enough resources to ensure that access, quality, affordability, and choice in higher education are available to future generations of its residents.

California would not need a new policy on student charges at the community colleges if it were to enact fundamental reforms in its revenue and expenditure policies -- in particular, repealing or modifying statutes and constitutional provisions that restrict the Governor and Legislature from changing the State's revenue collection and expenditure mechanisms in order to match the growth in demand for public services. But these reforms would take years to implement, even if agreement could eventually be reached on them. In the meantime, California's students deserve more than a fee policy driven, in large measure, by the State's annual budget deficits.

For this reason, the Commission believes that California must develop a realistic policy on student charges at the community colleges that implements, so far as possible, the principles of the State's Master Plan for Higher Education while recognizing the limited amount of resources likely to be available from the State for the support of higher education.

Fundamental Commission beliefs and guiding philosophy about community college student access

The Commission unanimously agrees that the State's community colleges are a fundamental and essential element of the State's higher education system. Further, the Commission recognizes that the community colleges are the only point of entry into higher education for most students -- and for a disproportionate share of students historically underrepresented in higher education. As such, the Commission absolutely believes that access to these institutions must be preserved.

However, the Commission also recognizes that fiscal resources are limited and that enhanced student access does require such resources. Therefore, the Commission believes that community college student fees should be kept as low as possible while simultaneously ensuring that student access to a quality community college education is maximized.

Commission principles underlying its long-term community college student fee policy

With this underlying philosophy to guide the development of its policy recommendations, the Commission developed the following set of principles:

1. Students, their families, and society should share the responsibility for financing the costs of a community college education -- with the primary responsibility borne by society through State and local government support for the community colleges.

2. Any new community college student fee and financial aid policies -- when considered in tandem -- should provide the ability for all State residents, regardless of economic means, to enroll in the State's community colleges. As such, fee waivers should be provided to all students who demonstrate financial need. These fee waivers ensure that educational opportunities provided by the community colleges are available to all, including those who would otherwise lack the economic means to take advantage of these opportunities. Further, resources must be made available and dedicated to ensuring that all Californians are aware of the availability of such fee waivers as well as other forms of financial assistance -- particularly federal student aid funds -- that many students need in order to attend community colleges.

3. The unique socioeconomic characteristics of students enrolled today in the State's community colleges should be considered in developing a long-term community college student fee policy.

4. Every effort should be made to ensure that increases in community college student charges are gradual, moderate, and predictable so that students and their families, if applicable, can prepare for the costs of community college attendance. As such, a cap should be placed on the amount by which community college student fees can increase in any specified period of time. Further, increases in fees should be announced as far in advance as possible so that students and their families can better prepare for them.

5. Any new community college student fee policy should require that the Board of Governors play an active leadership role in determining the student fee level.

Commission recommendations for a long-term community colllege student fee policy

Based upon these principles, the Commission offers the following ten recommendations to the Governor and Legislature for a new long-term community college student fee policy. The Commission reemphasizes that community college student fees should be kept as low as possible while simultaneously ensuring that student access to a quality community college education is maximized. The following recommendations are intended to achieve this result.

1 **The Board of Governors of the California Community Colleges shall annually recommend to the Governor and Legislature the level of community college student charges, including justification and explanation for any proposed increase. Its recommendation should be consistent with the following nine recommendations in this policy statement.**

2 **Changes in student charges at the State's community colleges should be gradual, moderate, and predictable. Further, community college charges for students enrolled in credit courses who do not yet possess a baccalaureate degree shall be less than 15 percent of the average annual instructional expenditures per full-time-equivalent credit student over the prior three years, with State and local governments responsible for the remainder.**

3 **In order to ensure that increases in community college student charges are gradual and moderate, such charges shall not increase by more than the lesser of (1) the percentage change in the system's average prior-year instructional expenditure per full-time-equivalent student or (2) the average of (a) the annual percentage change in the Higher Education Price Index -- a proxy for the increased cost faced by colleges and universities -- and (b) the annual percentage change in the California personal per-capita income -- a proxy for the additional income individuals have available to pay higher charges.**

Taken together, Recommendations 2 and 3 express limits on the maximum amount that the State's community colleges may charge students, in that they may not charge any additional mandatory locally imposed fees other than a health services fee. Actual fees may be less than this maximum.

4 **To provide predictability, if, in the annual Budget Act, the Governor and Legislature determine that community college student fees shall increase, such an increase shall not be effective until the following January 1, thereby providing students and their families with at least six months to prepare for the increased charges.**

5 Community college student fees shall continue to be assessed on a per-unit basis.

6 The community colleges shall continue to provide fee waivers to all students eligible to receive them, including fee waivers for baccalaureate degree enrollees who are unemployed, those receiving any form of public assistance, or those who have been out of the workforce and are attempting to obtain skills in order to become employed.

The Governor and Legislature shall provide funds specifically for the purpose of reimbursing community colleges for the fees they waive. These funds shall be designated by the Governor and Legislature in the annual State Budget Act and shall be allocated prior to the State providing any other funds to the community colleges.

Further, to enable the State to estimate the level of funding needed for fee waivers, the Chancellor's Office of the California Community Colleges shall participate in the Student Expenses and Resources Survey (SEARS) currently administered by the California Student Aid Commission.

7 The community colleges shall provide information about the availability of fee waivers and other forms of student financial aid in all advertising and promotional materials, including -- but not limited to -- college catalogues and course schedules. Further, the Chancellor's Office of the California Community Colleges shall develop, and collaborate with secondary and other postsecondary education systems in designing, an intensive public information campaign to ensure statewide awareness of the availability of student financial aid, including community college student fee waivers and federal financial assistance.

Given the importance and central role that the community college fee waiver program plays in providing access to students who might otherwise be unable to attend a community college, the Board of Governors of the California Community Colleges shall biennially evaluate the effectiveness of that program and the efforts of the community colleges in providing information about the program to the State's citizens, and the California Postsecondary Education Commission shall review the Board's findings and comment on them to the Governor and Legislature.

8 The Postsecondary Education Commission, in consultation with an advisory committee, shall annually calculate the average prior-year instructional expenditures of the California Community Colleges per full-time-equivalent credit student. These expenditures shall include all State, local, and student fee revenue-based expenditures but exclude those related to noncredit instruction, public service, and capital outlay.

Using this information, the Commission shall annually review the level of student charges recommended by the Board of Governors and those amounts adopted by the Governor and Legislature to ensure that they do not exceed the maximum amounts specified in Recommendations 2 and 3 above.

9 To reduce the likelihood of instructional expenditures dramatically increasing in the future, the Board of Governors of the California Community Colleges, in consultation with the Commission, should continue to identify alternatives that may reduce instructional expenditures while maintaining educational quality. These efforts should be undertaken with the goal of limiting instructional expenditure increases and, hence, preventing further increases in student fees because of such expenditure increases.

10 If accepted by the State's policy makers, this policy should be reconsidered by them five years after its adoption.

POSTSECONDARY CALIFORNIA EDUCATION COMMISSION

POLICY QUESTIONS RELATED TO STUDENT CHARGES AT CALIFORNIA'S COMMUNITY COLLEGES

Reasons for a new State policy on student charges

AS CALIFORNIA is poised on the edge of the twenty-first century, the demographic and fiscal challenges confronting its educational system are unparalleled.

- The population of the schools is growing at the fastest rate in over 30 years, and the Class of 2000 is expected to be the largest that has graduated from high school in the State's history. Added to this growth in numbers is enhanced diversity. Already, no one racial/ethnic group constitutes a majority of California's elementary school population, and by the year 2000 this will be true of the State's potential college students as well. Yet information on the academic progress of students show that the State's schools and colleges are less successful in meeting the educational needs of the fastest growing racial/ethnic groups and of students from low-income families than they are for other students. Providing equitable educational opportunities for these students is not only a moral imperative for California but also a socioeconomic necessity, since on it will rest the continued economic and civic well-being of the State.
- The last time California was confronted with a burgeoning college-age population, its economy was robust, but now its economic condition is weaker than at any time since the great Depression of the 1930s. For the past four years, the State has been making budget decisions that have resulted in fewer postsecondary opportunities for this current generation of students than for those of the past three decades. Out of every five financially needy students who are eligible for Cal Grant financial aid from the State, only one has been fortunate enough to receive an award. Over the past three years, student fees at both the California State University and the University of California have grown by over 65 percent -- despite the State's policy that increases be gradual, moderate, and predictable. For a number of reasons including these, the State University enrolled nearly 40,000 fewer students this past year than past demographic projections estimated it would.

As a result, the basic principles that have guided public postsecondary education in California since the 1960 Master Plan for Higher Education -- wide access, high quality, affordable cost, and opportunities of choice among institutions -- are jeopardized. Unfortunately, this danger is not simply a function of today's hard economic times. In addition to more revenues, the State needs a more flexible budgetary structure if its educational institutions are to keep pace with the burgeoning growth in the number of potential students. Even when California recovers from the current recession, without significant changes in the State's budget process, the State will be unable to commit enough resources to ensure that access, quality, affordability, and choice in higher education are available to future generations of its residents.

Long-term prospects and short-term realities

California might not need a new policy on student charges if it were to enact fundamental reforms in its revenue and expenditure policies -- in particular, repealing or modifying statutes and constitutional provisions that restrict the Governor and Legislature from changing the State's taxation and expenditure policies in order to match the growth in demand for public services. But these reforms would take years to implement, even if agreement can eventually be reached on them. In the meantime, California's students deserve better than a fee policy driven solely by the State's annual budget deficits.

For this reason, the Commission believes that California must develop a realistic policy on student charges that implements, so far as possible, the principles of the State's Master Plan for Higher Education while recognizing the limited amount of resources likely to be available from the State for the support of higher education.

In 1991, the Legislature encouraged the Commission to rethink the State's policy on student fees when it enacted the first of the recent significant fee increases at the California State University and the University of California. Recognizing that it was beginning to depart from the principles of the Master Plan, the Legislature requested, in Supplemental Report Language to the 1991-92 Budget Act, that the Commission coordinate an intersegmental review of student fee and financial aid policies in California. It directed the Commission to consult with a broad-based advisory committee to analyze the impact of alternative student fee and financial aid policies at the public colleges and universities and then to submit recommendations to the Governor and Legislature.

Over the last three years, the Commission has sought to respond to the Legislature's request. It has discussed a series of options and alternative fee policies with representatives of all interested parties; it has developed a series of principles to serve as the basis for its recommendations, and it has issued recommendations on student charges for undergraduates at the State's public universities and on a short-term financial aid policy for California. In this report, the staff turns to the issue of student charges and related financial aid policy for the State's community colleges by offering a series of policy-oriented questions for discussion purposes.

Principles underlying the Commission's recommendations on university fees

In developing its recommendations for undergraduate fee policy at the State's public universities, the Commission outlined several principles to guide its development of that policy. Those principles include:

- Students, their families, and society should share in the responsibility for financing the costs of a college education.

- The State should bear the major share of the cost of instruction at public institutions of higher education because the one factor that truly distinguishes a public institution from a private one is that the government bears the primary responsibility for its operation. To require undergraduate students to pay a majority of the cost of instruction would mean abandoning the public nature of the institution.
- The unique characteristics of public colleges and universities as well as of the students they enroll should be recognized in developing the State's policy on student charges. For example, the California State University and the Community Colleges are fundamentally different institutions in at least three ways: (1) their unique missions, (2) the past academic performance of their students (the State University's students come from the top one-third of California high school graduates, while the community colleges are open-access institutions), and (3) the socioeconomic characteristics of their students. Further, the different missions of the two institutions result in differences in their average prior year instructional expenditures per full-time equivalent student. The State University's prior year instructional expenditures are far higher than those at the community colleges due in part to the community colleges serving exclusively lower division students, some of whom are enrolled in vocational programs, and the State University serving upper division and graduate students in addition to lower division academic students.
- Student charges should not increase simply to fill the budgetary gap caused by any reduction in the State's General Fund support.
- Increases in student charges should be predictable so that students and their families can prepare for the costs of college attendance.
- Grant aid should be made available to offset any increase in student charges for all financially needy students in order to ensure that educational opportunities are available to all students, irrespective of economic means.
- The State's terminology used to describe student charges -- in particular, *tuition* and *fees* -- should be revised to reflect current reality and allow more effective use of the revenue generated by these charges.
- The original Master Plan principles of access, quality, affordability, and choice should be retained. To this end, the Commission should review the State's policy on student charges and financial aid at least every five years. This review should, among other results, remind the State of its historic Master Plan goals that the Commission continues to support.

These principles may serve as the foundation for the recommendations that the Commission eventually offers about student charges at the State's community colleges. The Commission acknowledges, however, that community colleges are fundamentally different and distinct from California's public universities.

Fees at the community colleges

In 1984, the Governor and the Legislature passed Assembly Bill 1XX, which for the first time imposed a systemwide enrollment fee at the community colleges. The legislation established a fee of $50 per semester for students enrolling in six or more semester units of credit courses (there was no fee established for students enrolled in noncredit courses) and $5 per unit for those enrolled in less than six. It also eliminated many of the campus-based charges that were imposed at that time including those for health and course additions.

The original statute establishing the systemwide community college fee has since been altered so that the current fee level is $13 per semester unit ($390 per year) for full-time enrollment. In addition, the statutory provision setting a statewide fee for community colleges is set to sunset as of July 1, 1995. Unless the sunset date is extended or the statute is altered, systemwide community college fees will be eliminated for the 1995-96 academic year.

Given the sunset date in current statute, the Legislature and Governor will no doubt be addressing community college student fee levels and policy. Some individuals will be advocating for the elimination of student fees at the community colleges, while others may be promoting an increase in student fees above the level currently set in statute.

Financial aid in the community colleges

In developing recommendations for community college student charges, the Commission will be particularly concerned about the impact that those charges will have on low-income students taking credit courses who comprise a majority of the students enrolled in the community colleges (students pay no fees for noncredit courses). Financial aid to cover student fees for financially needy students is handled very differently at the State's public community colleges than it is at the State's public universities. As a result of Assembly Bill 1561, enacted in October 1993, students in the community colleges who demonstrate financial need receive a fee waiver. Prior to the passage of this bill, such students received a grant to cover the costs of their fees. The State's community colleges *must* waive the fee for all of the following students: (1) Students receiving any form of public assistance including AFDC, SSI/SSP, or general assistance; or (2) Any student who demonstrates financial need. In addition, students with especially low incomes may get their fees waived without completing the traditional financial aid application process. Rather, they may qualify for a fee waiver by just certifying their income with their community college. Hence, in the community colleges, the fee level in and of itself should not serve as a deterrent for any student with financial need since such students are eligible to have the fees waived.

However, based upon information from the Student Expenses and Resources Survey (SEARS) conducted by the California Student Aid Commission along with information supplied by the California Community Colleges Chancellor's Office, it is clear that a significant proportion of students who would be eligible to have their student fees waived have not availed themselves of that opportunity. While the Commission acknowledges that some students may intentionally choose not to receive such assistance, the Commission concludes -- because of the significant proportion of students involved -- that many of these students lack knowledge about the availability of such aid. Based upon this conclusion, the Commission expects to make a recommendation about the need to publicize the availability of finanical aid to prospective and enrolled community college students.

Questions concerning State policy on community college student charges

What follows is a series of policy questions, discussions about which are intended to serve as a basis for developing a recommended policy on community college student charges. These questions should be considered in view of both the principles outlined above and the economic and political realities that the State will likely face in the coming years. The Commission's ultimate action on community college student fee policy should address the challenges now facing California's community colleges as they seek to continue meeting the goals of the Master Plan with reduced State resources.

1. *Setting and adjusting the level of student charges*

1.1 How much should community college students be expected to pay toward the cost of their training or education, given California's current fiscal condition and the likely decline in State resources available to higher education?

1.2 What basis should be used for setting community college student charges? For example, should a relationship exist between community college student charges and the amount expended by the college to provide instructional services? Alternatively, should a relationship exist between California community college student charges and those imposed by community colleges in other states?

1.3 If a decision is made to increase fees in the future, how should they be adjusted to ensure that those increases are graduate, moderate, and predictable?

1.4 Should a cap be placed on the total amount of fees paid by a community college student in any given period?

2. *The role of various parties in setting and adjusting student charges*

2.1 What role, if any, should the Board of Governors of the California Community Colleges play in setting or adjusting community college student fees?

2.2 What role, if any, should local community college governing boards play in setting and adjusting community college student charges?

2.3 What role, if any, should students play in setting or adjusting community college student charges?

2.4 Should the role played by the Governor and Legislature in setting or adjusting community college student charges be altered? If so, in what ways?

3. *The treatment of community college student fee revenue*

   3.1 Should student fee revenue collected by the community colleges continue to be treated as local property tax revenue, or should it be treated as additional revenue to the college that collects it?

   3.2 What role should students play in determining how revenue derived from student charges is expended?

4. *Application of the student charges policy*

   4.1 Should community college fees continue to be assessed on a per-unit basis?

   4.2 Should all students -- whether taking credit or non-credit courses -- be assessed student charges? If so, should they be assessed the same amount?

   4.3 Should those community college students who already hold a baccalaureate degree continue to be charged a differential fee, or should they be charged the same fee as all other community college students?

5. *Financial aid considerations*

   5.1 Does the community college fee-wavier program need to be altered?

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ADDITIONAL INFORMATION FOR THE CONTINUED DISCUSSION OF POLICY QUESTIONS RELATED TO STUDENT CHARGES AT CALIFORNIA'S COMMUNITY COLLEGES

A Staff Report to the Commission's Ad Hoc Committee on the Financing and Future of California Higher Education

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION
1303 J Street ◆ Suite 500 ◆ Sacramento, California 95814-2938

1 Financing of the California Community Colleges

THE METHOD by which the State of California provides funding for California's community colleges differs significantly from that used for its two public university systems and is more akin to the system used for funding its public elementary and secondary schools. The similarity between the community college budgeting process and that of K-12 education largely stems from the community colleges being an outgrowth of the State's public school system. Like elementary and secondary education, the community colleges serve large numbers of students -- over 1.3 million -- at numerous sites -- 106 campuses -- and are governed by local bodies -- 71 local community college district boards of trustees.

Funding prior to Proposition 13

Prior to 1978, the major source of financing for community colleges was derived from local property tax revenue. At that time, 60 percent of community college funding came from local property tax revenue and 40 percent from the State General Fund. Districts that elected to tax themselves at a higher rate were able to retain these funds to improve or expand college programs and services. State funds were allocated to supplement the district funds in order to provide a base level of funding for all districts.

Effects of Proposition 13

In 1978, California's voters approved Proposition 13 -- the initiative that rolled back local property taxes to 1 percent of the 1977 assessed property value. With the passage of Proposition 13, community colleges lost a significant share of local property revenue. However, they were able to sucessfully lobby the Legislature for State General Fund revenues to recover the decline in local revenues. This resulted in community college funding from the State General fund increasing from 40 to 70 percent and funding from local property tax revenues declining from 60 to 30 percent.

Because Proposition 13 limited the level of local property tax revenue, the colleges' ability to meet new or expanded instructional or student service needs was curtailed. Further, as the Legislature increased its authority and oversight of the colleges, they lost a significant measure of local control over programs and services they offer.

Funding changes in the early 1980s

Unable to provide adequate resources to meet the tremendous enrollment growth at the community colleges of the late 1970s and early '80s, the Legislature "capped" the amount of money the State would provide for community college enrollments. The current cap is annually adjusted by the rate of change in the statewide adult population, which means that the State will provide funding for new community college enrollment only up to the percentage growth in the State population. In recent years, this rate of change has been approximately 2 percent. Despite this cap, the community colleges, by law, must accept all students who can profit from the instruction offered.

The achievement of an adequate and stable financing model for the community colleges continued to be an issue during the 1980s as enrollment growth continued to outpace available State revenues. In 1983, after a lengthy and acrimonious debate with the Governor over community college financing, the Legislature adopted a mandatory enrollment fee for all community college students enrolled in credit courses. Imposition of the student fee did not result in additional revenues to the community colleges, however, since the revenues from the enrollment fee are used to offset the State General Fund appropriations to the community colleges.

Impact of Proposition 98

In 1989, California voters approved Proposition 98, which guaranteed that the community colleges and K-12 education combined would receive a certain percentage -- approximately 40 percent -- of the State's General Fund revenues. Proposition 98 guaranteed a level of funding at least equal to the amount received in the prior year, plus adjustments for enrollment growth and inflation. While these provisions were amended by Proposition 111 of 1990 to reduce the minimum funding guarantee in budget years where per capita revenues are more than 0.5 percent below growth in per capita personal income, the community colleges and local schools combined can expect to receive a minimum level of State funding even during declining revenue years.

It is important to note that the community colleges' share of total Proposition 98 revenues is not guaranteed. Since Propositon 98 was implemented, increasing K-12 resource needs have contributed to the community colleges receiving a declining share of Proposition 98 revenues. While the community colleges initially received about 11 percent of Proposition 98 revenues, their proportion has since declined to approximately 9 percent.

Recent funding changes

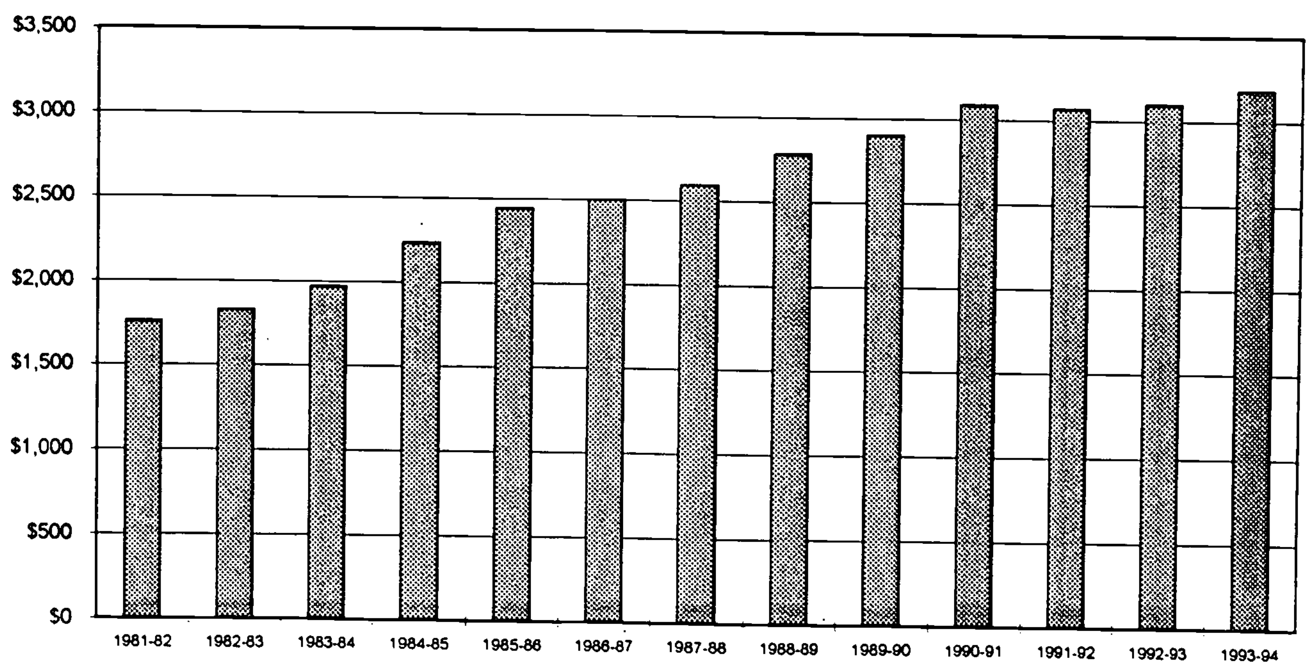
As part of the budget negotiations of 1992-93 and 1993-94, the Governor and the Legislature agreed to shift funding of some State programs to local government. This included a shift in funding for the community colleges. Prior to 1992, the State General Fund provided about 63 percent of the community colleges' operating revenue. By 1993-94, that proportion had decreased to 40 percent -- the same proportion as prior to Proposition 13. Local property tax revenues now provide approximately 50 percent of community college revenue, with student fees and lottery revenues providing the remaining 10 percent.

2 Instructional Expenditures in the California Community Colleges

EXPENDITURES per full-time equivalent student at California's community colleges between 1981-82 and 1993-94 are illustrated in Display 1 below. As can be seen, growth in these expenditures was steady through the 1980s. That growth ended temporarily, however, in 1991-92 -- the only year in which expenditures per full-time-equivalent student actually declined. Since then, growth in expenditures has resumed slowly but has not kept pace with inflation. Each year since 1990-91, the Higher Education Price Index has increased at a faster rate than the State's expenditure per full-time-equivalent student at the community colleges.

For 1994-95, it is expected that community college expenditures per full-time equivalent student will be approximately $3,200. With student fees at $390 per

DISPLAY 1 Instructional Expenditures per Full-Time-Equivalent Student at the California Community Colleges, 1981-82 Through 1993-94



Source: California Postsecondary Education Commission staff analysis of data from the Governor's Budgets.

year for students enrolled for 15 units each term, community college students will be paying about 12.2 percent of the cost of providing their instruction.

3 Types of Courses Offered by the California Community Colleges

CALIFORNIA'S community colleges offer three basic types of courses: (1) courses for which credit is granted (regardless of whether that credit is applicable to a degree), (2) courses for which no credit is earned, and (3) community service courses. A description of each of these types of course appears below.

Courses for which credit is granted

The community colleges offer a wide range of courses for which credit is granted -- with some of those courses applicable to an associate degree and other credit courses not applicable to a degree. In either event, the community colleges do receive State funding for such courses. In addition, students who enroll in credit courses are subject to the enrollment fee -- either $13 or $50 per unit, depending on whether or not the student possesses a baccalaureate degree.

The Chancellor's Office of the California Community Colleges has provided the following description of those credit courses that are applicable to a degree, as well as those credit courses not applicable to a degree:

Community college credit courses applicable to an associate degree:

1. All lower-division courses accepted toward the baccalaureate degree by the California State University or University of California or designed to be offered for transfer.
2. Courses that apply to the major in non-baccalaureate occupational fields.
3. English courses not more than one level below the first transfer level composition course, typically known as English 1A. Each student may count only one such course as credit toward the associate degree.
4. All mathematical courses above and including elementary algebra
5. Credit courses in English and mathematics taught in or on behalf of other departments and which, as determined by the local governing board, require entrance skills at a level equivalent to those necessary for the courses specified in Items 3 and 4 above.

Community college credit courses not applicable to a degree:

1. Precollegiate basic skills courses;
2. Courses designed to enable students to succeed in college-level work (including, but not limited to, college orientation and guidance courses, and discipline-specific preparatory courses such as biology, history, or electronics) that integrate basic skills instruction throughout and assign grades partly upon the demonstrated mastery of those skills;

3. Precollegiate occupational preparation courses designed to provide foundation skills for students preparing for entry into college-level occupational courses or programs; and

4. Essential occupational instruction neither necessary nor required for earning a degree.

Courses for which no credit is granted ("non-credit" courses)

The community colleges also offer courses that do not yield credit and that are not applicable to an associate degree, but for which students do not pay fees. The community colleges receive State funding for offering these courses, provided that they are in one of the following nine areas identified in the State's Education Code:

1. Parenting, including parent cooperative preschools, classes in child growth and development and parent-child relationships and classes in parenting;
2. Elementary and secondary basic skills and other courses and classes such as remedial academic courses or classes in reading, mathematics, and language arts;
3. English as a second language;
4. Citizenship for immigrants;
5. Education programs for persons with substantial disabilities;
6. Short-term vocational programs with high employment potential;
7. Education programs for older adults;
8. Education programs in home economics; or
9. Health and safety education.

Community service classes offered by community colleges

Community colleges also offer a number of community service courses. These courses are not funded by the State and, as such, the costs of providing them is borne solely by the students enrolled in them. According to the Community College Chancellor's Office, a community service class is one that meets the following minimum requirements:

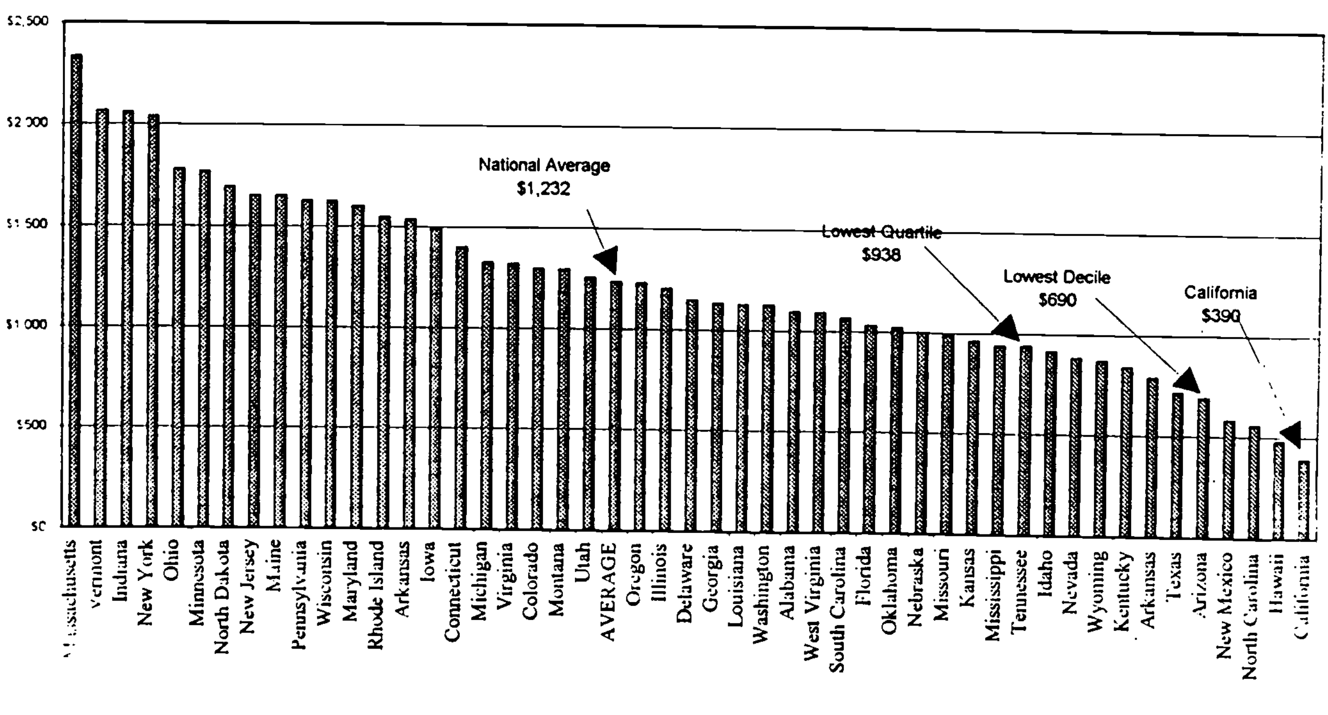
1. Is approved by the local district governing board;
2. Is designed for the physical, mental, moral, economic, or civic development of persons enrolled therein;
3. Provides subject matter content, resource materials, and teaching methods which the district governing board deems appropriate for the enrolled students;
4. Is conducted in accordance with a predetermined strategy or plan; and
5. Is open to all members of the community.

4 Community College Fees in California and Other States

RESIDENT tuition and fees at community colleges in 48 states during 1993-94 averaged $1,232, as Display 2 below shows, with charges ranging from $390 in California -- the lowest -- to $2,032 in Massachusetts. Display 2 also shows the fee levels that mark the tenth percentile (or first decile) and twenty-fifth percentile (or first quartile).

Between 1989-90 and 1993-94, California Community College statewide fees increased by a greater percentage than in any other state, and they grew by a dollar amount greater than in 20 other states. However, they remained the lowest in the nation, with Hawaii the next lowest. California fees would have to be increased by 23 percent to reach those in Hawaii. Although information on 1994-95 fees nationally is as yet unavailable, the gap between fees in California and those in other States may have widened, since California's statewide fees did not increase this year.

DISPLAY 2 Average Community Colleges Fees in 48 States, 1993-94



Source: California Postsecondary Education Commission staff analysis of data compiled by the Washington State Higher Education Coordinating Board. Not included are New Hampshire and South Dakota.

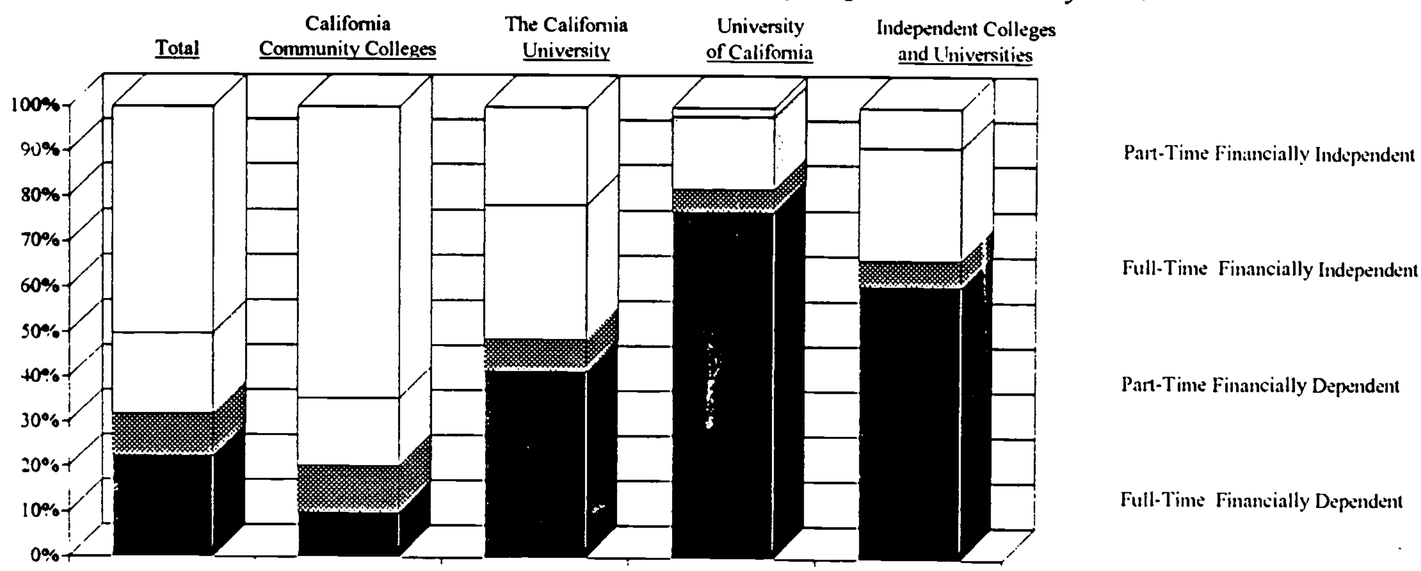
5 The Unique Characteristics of Community College Students

THE UNIQUE characteristics of community college students deserve attention because the Commission, in adopting principles to guide its deliberations on a student fee policy, included a provision calling for consideration of the unique characteristics of the students in each of California's systems of higher education. The Commission did so in developing its recommendations on undergraduate fee policies at the California State University and the University of California, and it should do so for the California Community Colleges.

Financial independence and part-time enrollment

Some of the best information available on the economic characteristics of students in California's different systems of higher education is available from the most recent Student Expenses and Resources Survey (SEARS), administered by the California Student Aid Commission in 1992. Display 3 below, taken from that survey, shows perhaps the most basic economic fact about undergraduates in California's systems of higher education -- the proportion of them who are considered as financially independent rather than dependent on their parents or guardians for support, according to federal financial aid guidelines -- and whether they attend full-time or part-time. This display illustrates the clear relation between

DISPLAY 3 *Percentage of California Undergraduates Enrolled Full-Time and Part-Time by Financial Dependency Status and by Higher Education System, 1991-92*



Source: California Postsecondary Education Commission staff analysis of data from the 1992 Student Expenses and Resources Survey of the California Student Aid Commission. (Financial aid guidelines generally classify students under 24 years of age as financially dependent).

financial independence and part-time attendance: The larger a system's proportion of independent undergraduates, the larger its proportion of part-time undergraduates.

As can be seen, California's community colleges have the largest proportions of both independent and part-time students of the four sectors. Almost 80 percent of community college students are classified as independent of their parents for financial support. In addition, over 75 percent of community college students attend on part-time basis. While Display 3 shows how outmoded in California is the stereotype that undergraduates rely on their parents for their college support, that view is especially outmoded at California's community colleges.

Level of income

Display 4 on the opposite page presents information on the family incomes of California undergraduate students. The first graph in Display 4 shows that, on average, financially dependent community college students have lower incomes than financially dependent undergraduates in the other systems. For example, the community colleges have the largest proportion of financially dependent students with annual incomes of under $24,000 -- almost 34 percent.

While financially dependent students account for only about 20 percent of community college enrollment, the segment is so large that the community colleges enroll about 45 percent of all financial dependent California undergraduates. Almost 59 percent of California's financially dependent undergraduates with annual family incomes of under $24,000 attend a community college. On the other hand, a substantial portion of financially dependent undergraduates with relatively high family incomes attend these institutions: Almost 33 percent of California's financially dependent undergraduates with annual family incomes of $72,000 and over attend a community college.

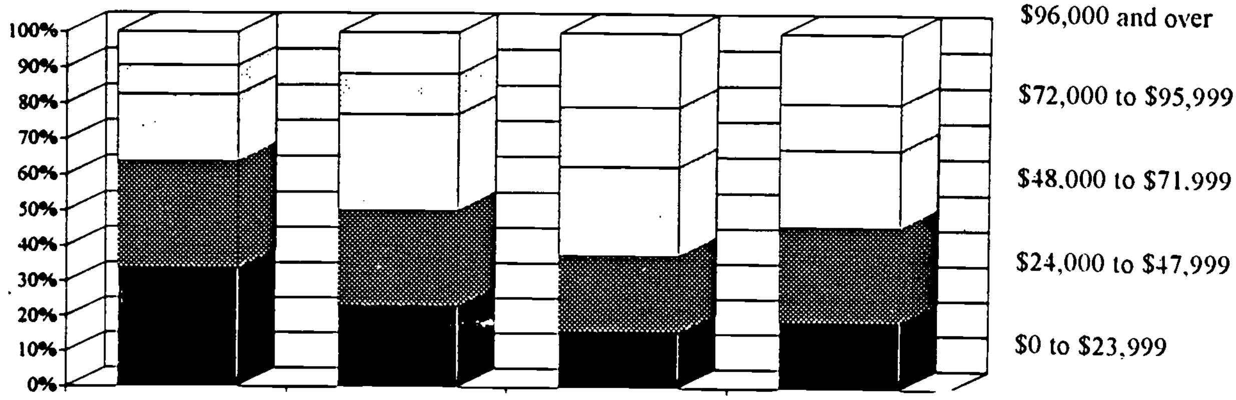
The second graph in Display 4 shows an opposite picture about financially *independent* students. Among these students, those attending community college tend to have higher incomes than those at the other systems. For example, while about 33 percent of financially independent community college students have annual incomes of under $12,000, about 46 percent do so at the State University and California's independent institutions, and almost 68 percent do so at the University of California. However, since the community colleges enroll such a large proportion of California's financially independent students, they enroll over 76 percent of the State's financially independent undergraduates with incomes of under $12,000. They also enroll almost 87 percent of financially independent undergraduates with incomes of over $48,000.

In summary, the community colleges enroll the vast majority of California's undergraduates from low-income backgrounds, and their financially dependent students tend to have lower family incomes than their counteparts in the other systems. In addition, community colleges educate a far greater proportion of financially independent students than the other systems, and their financially independent students tend to have higher incomes than their counterparts elsewhere.

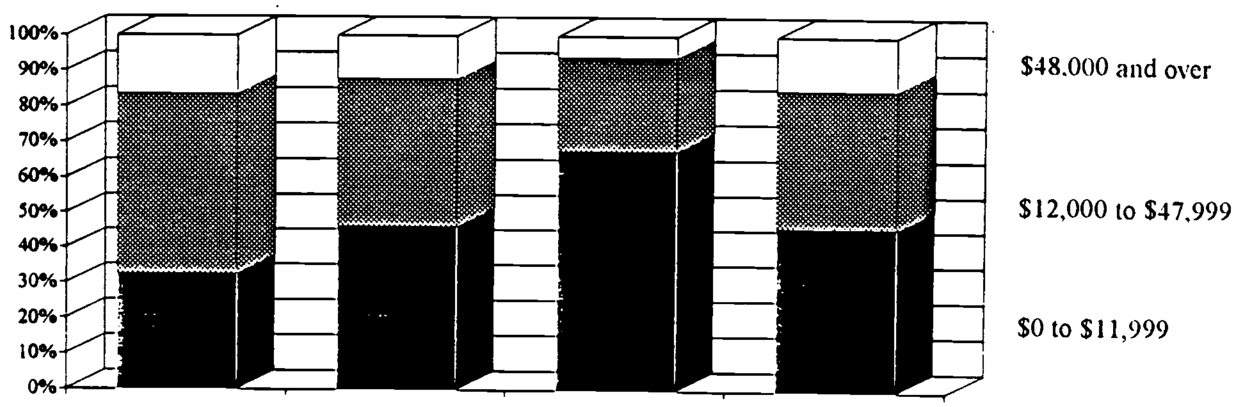
DISPLAY 4 Percentage of Financially Dependent and Independent California Undergraduates in Various Income Categories by Higher Education System, 1991-92

California Community Colleges	The California University	University of California	Independent Colleges and Universities

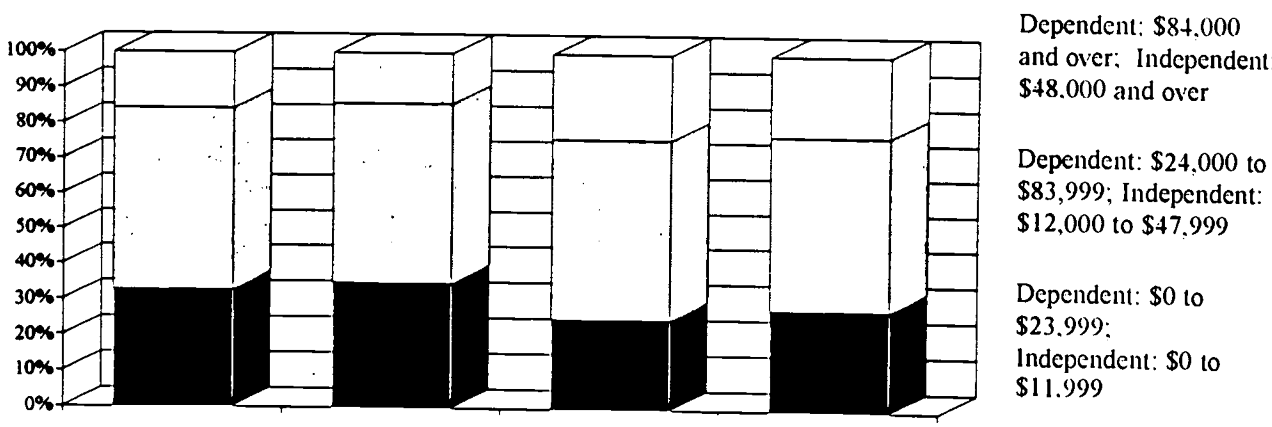
Financially Dependent Undergraduates



Financially Independent Undergraduates



All Undergraduates



Source: California Postsecondary Education Commission staff analysis of data from the 1992 Student Expenses and Resources Survey of the California Student Aid Commission.

6 College-Administered Financial Aid in the California Community Colleges

IN DEVELOPING a student fee policy, the Commission has made clear that financial aid policy should be considered an integral part of fee policy. The Commission holds that an adequate financial aid program for the California Community Colleges should mitigate the impact of student charges on low-income students taking credit courses -- the majority of students enrolled in the community colleges. (Community college students pay no fees for State-subsidized noncredit courses).

Financial aid to cover student fees for financially needy students at the California Community Colleges is provided primarily by the Board of Governors' fee-waiver program called the "Board Financial Assistance Program" (BFAP). That program has grown considerably over the past ten years, as Display 5 shows. The number of recipients grew from 86,573 to some 388,000; the value of the aid expanded from not quite $5 million to over $77 million; and the number of recipients as a percentage of all credit enrollments rose from under 9 percent to 36 percent in the last decade. However, information from the 1992 Student Expenses and Resources Survey (SEARS) indicates that a far greater portion of community college students than this 36 percent may be eligible for this assistance. The CPEC staff estimates that over half would be eligible if they applied for it. While some eligible students may intentionally choose not to receive such assistance, this large a proportion suggests that many of these students may lack knowledge about the availability of this aid.

DISPLAY 5 Growth in the Board Financial Assistance Program, 1984-85 Through 1993-94

Year	Number of Recipients	Recipients As a Percentage of Credit Enrollment	Dollars
1984-85	86,573	8.7%	$4,943,672
1985-86	107,184	10.9	7,257,169
1986-87	133,837	13.1	9,115,506
1987-88	141,722	13.2	9,352,385
1988-89	155,476	14.0	9,998,123
1989-90	183,535	15.7	11,592,277
1990-91	209,743	17.5	13,229,808
1991-92	247,222	24.5	18,393,088
1992-93	299,098	25.7	34,737,887
1993-94	388,000	36.1	77,258,000

Source: California Postsecondary Education Commission staff analysis of data provided by the Chancellor's Office of the California Community Colleges.

Financial aid for community college students differs from that at the State's two public universities in at least two important ways:

1. While financial aid recipients at the California State University and the University of California receive grants to pay student charges, financial aid recipients at the California Community Colleges receive fee waivers -- and State statute specifies that every individual certified as eligible for a fee waiver must receive one. This means that, while the State University and University's ability to award financial aid is limited by the funds budgeted for this purpose, the community colleges are required to waive fees for all eligible students.

2. Students at the California State University and the University of California *must* qualify for financial aid by demonstrating financial need through completion of a detailed financial aid application, and California Community College students *may* complete the form, but commmunity college students have two additional options by which they may qualify for a fee waiver:

   - Documentation that they receive Aid to Families with Dependent Children (AFDC) grants or grants through either the Supplemental Security Income/ State Supplement Program (SSI/SSP) or a "general assistance/general relief" program.

   - A statement that the student's family income is below the specified levels of $7,500 for students with a family size of one and $15,000 for students with a family size of two (whether the student is financially dependent or independent). The threshhold then climbs by $1,000 for each additional family member. Documentation of these income levels is not required, although the Chancellor's Office of the California Community Colleges is currently developing regulations that would require at least some recipients of fee waivers under this option to document their incomes.

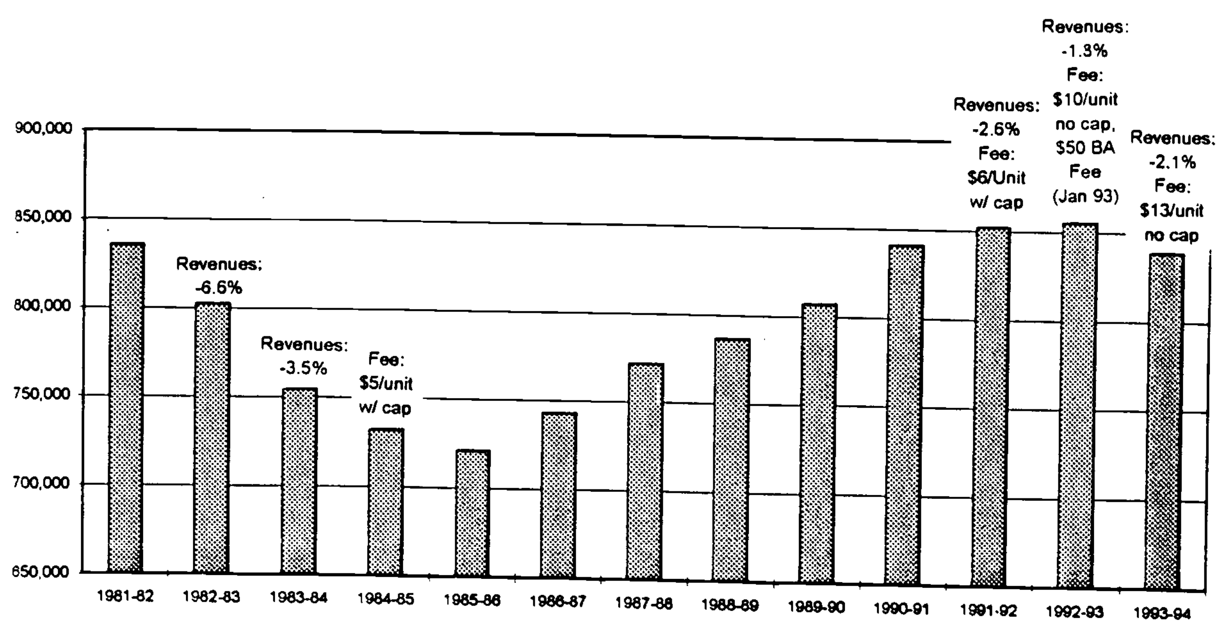
In short, the California Community Colleges are required to waive fees through the Board Financial Assistance Program for all students who qualify under any of these three options.

7 Changes Affecting California Community College Enrollment

AS IT HAS discussed issues of student fee policy this past year, the Commission has expressed considerable interest in the extent to which changes in enrollment levels are a function of changes in student fee levels or in revenues available to institutions. Concern about the impact of fee increases on enrollment levels has been especially strong among community colleges. While some observers have argued that increases in fees have caused community college enrollment declines, other observers have argued that declining revenues available to California's community colleges have had an equally strong impact on their enrollments. The following paragraphs provide information on changes in all three elements since 1980 in order to examine the relationship of fee and revenue changes to changes in enrollment.

Display 6 below illustrates the number of full-time-equivalent students enrolled at the California Community Colleges over the past 13 years. (Full-time-equivalent

DISPLAY 6 *Full-Time-Equivalent Enrollment in the California Community Colleges, 1981-82 Through 1993-94, with Notations in Years When Student Fees Increased or Total Revenue from the State General Fund, Local Revenues, and the State Enrollment Fee Declined, as Adjusted by the Higher Education Price Index*



Source: California Postsecondary Education Commission staff analysis of Governor's Budgets.

students have been included here rather than headcount students on the assumption that to the extent that full-time-equivalent enrollment is a function of the number of courses offered and the number of students enrolled in them, it is a better measure than headcount enrollment of students' ability to earn units at the community colleges.) Display 6 includes a notation for each year where inflation-adjusted revenues (adjusted according to the Higher Education Price Index) available to the community colleges declined or where community college student fees increased.

Display 6 indicates that, while both revenues and fees relate to full-time-equivalent enrollment, neither one can be used to fully account for the enrollment changes in recent years. While revenue declines and fee increases coincide with enrollment declines in several years, they coincide with enrollment increases in other years. In addition, in several years, both revenues declined and fee increased, making it impossible to separate out the impact of either of the two changes.

Display 6 shows a substantial decline in full-time-equivalent enrollment in the early 1980s prior to the imposition of the first community college statewide fee in 1984. In 1982-83 and 1983-84, the community colleges experienced their largest enrollment declines in terms of full-time-equivalent enrollment in the past 15 years. In those two years, the community colleges saw their inflation-adjusted revenues decline by 6.6 and 3.5 percent respectively. In 1984-85 -- the year in which the statewide community college fee was first imposed -- enrollment declined once again. The decline was, however, smaller than it had been in either of the previous two years.

The steady enrollment growth of the late 1980s slowed in 1991-92 and 1992-93. In both of those years, increases in student fees and declines in inflation-adjusted revenues occurred. Despite these two occurrences that are believed to depress enrollment, participation increased, albeit at a slower pace than it had over the previous five years.

For 1993-94, revenues once again declined and fees increased. Unlike the previous two years, however, enrollment fell.

Finally, it should be noted that headcount enrollment has shifted differently than full-time-equivalent enrollment over the time period covered in Display 6. However, as stated above, full-time-equivalent enrollment appears to the Commission staff to more accurately reflect the extent to which California students are able to pursue an education at California's community colleges than does headcount enrollment.

8 Current and Proposed Community College Fee Policies and Principles

THIS FINAL section of the report provides an overview of the State's current law regarding community college student charges and then two alternative proposals -- specifically, (1) the fee policy adopted by the Community Colleges' Board of Governors, and (2) the policy endorsed by the California Community College Chief Executive Officers and the California Community College Trustees. It then concludes with a set of five policy principles regarding community college fees -- developed largely around the Commission's previous recommendations on student aid policy and the two fee proposals outlined below -- for Committee consideration.

Community college student fees permitted under current State law

Community college student fees that are permitted under current State law are:

- $13 per semester unit for those students who do not yet possess a baccalaureate degree.
- $50 per semester unit for those students who already possess a baccalaureate degree.
- No fees may be charged for non-credit courses.
- A maximum of $10 per semester for health fees.
- Parking fees for those students who utilize parking facilities.
- Fees relating to a student center are also authorized, as are fees for students enrolled in physical education courses offered at non-community college facilities.

The Board of Governors' student fee policy

The following student fee policy was adopted by the Community College Board of Governors at its July 1992 meeting:

- Any fee revenue should remain in the system to improve access and the quality of programs;
- Any change in fees should be fair, moderate, and predictable;
- The Board should be provided with regulatory authority to set fees within parameters established by the Governor and the Legislature; and
- Adequate time should be provided for orderly implementation.

Fee policy endorsed by the California Community College Chief Executive Officers and the California Community College Trustees

The following community college student fee policy has been endorsed by the California Community College Chief Executive Officers and the California Community College Trustees:

- Fees should be at a level that does not adversely impact access to community college programs and services;
- The fee level should be set by the Board of Governors within parameters established by the Legislature;
- Any adjustments in fees should not exceed a specified index;
- The enrollment fee should be set at a per unit level with no cap;
- Fees should be set at the same level for all students regardless of the number of units previously earned or degree granted;
- Non-resident fees should be set locally at a level that covers at least the full cost of instruction;
- Grant aid should be made available to offset any increase in student charges for all financially needy students in order to ensure that educational opportunities are available to all students;
- Colleges must receive realistic financial aid administrative allowances so as to publicize effectively the availability of aid and to provide efficiently the aid to students;
- Incidental fees should be established by the local governing boards with caps set by the Board of Governors; and
- The enrollment fee should not be considered an offset to apportionment revenues, but be treated as local income and not part of any State funding formula.

Draft principles to guide the Commission as it develops a long-term student fee policy for the California Community Colleges

After taking into consideration the previously described existing and proposed community college student fee policies, the Commission staff offers the following policy principles to the Committee for its consideration. If the Committee agrees with these principles, staff will use them as the foundation for developing a recommended long-term community college student fee policy for the Committee's and Commission's consideration.

1. Students, their families, and society should share the responsibility for financing the costs of a community college education -- with the primary responsibility borne by society through State and local government support for the community colleges.
2. Any new community college student fee and financial aid policies -- when considered in tandem -- should provide the ability for all State residents, regardless of economic means, to enroll in the State's community colleges. As such, fee

waivers should be provided to all students who demonstrate financial need to ensure that educational opportunities provided by the community colleges are available to all, including those who would otherwise lack the economic means to take advantage of these opportunities. Further, resources must be made available and dedicated to ensuring that all Californians are aware of the availability of such fee waivers as well as other forms of financial assistance -- particularly federal student aid funds -- that many students need in order to attend college.

3. The unique socioeconomic characteristics of students enrolled at the State's community colleges should be considered in developing a long-term community college student fee policy.

4. Increases in community college student charges should be gradual, moderate, and predictable so that students and their families, if applicable, can prepare for the costs of community college attendance. As such, a cap should be placed on the amount by which community college student fees can increase in any specified period of time. Further, increases in fees should be announced as far in advance as possible so that students and their families can better prepare for them.

5. Any new community college student fee policy should require that the Board of Governors of the Community Colleges play a far more active leadership role in determining the student fee level.

Options for Setting and Adjusting Statewide Community College Fees

Background of this report

In Supplemental Report Language to the 1991 Budget Act, the Legislature requested the Commission to analyze alternative student fee and financial aid policies for the State's public colleges and universities. In April 1993, Commission staff presented to the Ad Hoc Committee on Financing and the Future of California Higher Education the attached report, *Options and Alternatives for Undergraduate Student Fee Policies*, which contained the staff's analysis of the impact that four different options would likely have on students enrolled in California's three public higher education systems:

1. Maintain the State's historic long-term student fee policy for the California State University and the University of California and extend it to the Community Colleges -- limiting student fee increases to a maximum of 10 percent per year;
2. Set student fees at all public institutions as a specified percentage of the cost of instruction -- a percentage of prior year instructional expenditures per student;
3. Set student fees on a sliding scale based on student/parent income; or
4. Establish general guidelines for setting student fees but no specific policy.

At that time, the Committee decided to focus its attention on fees at the State's public universities and to delay development of a fee policy for the California Community Colleges until completing its recommendations for the universities. Last June, the Committee submitted to the Commission its recommendations for university undergraduate fee policies -- choosing a variant of the second option above -- and now the staff suggests that, as the Committee develops a recommendation for community college fees, it review those four options and information on: (1) the principles it used in recommending undergraduate fee policy at the State's two public universities; (2) the State's previous and current community college student fee policy; (3) community college fees in other states; (4) the income characteristics of California's community college students; (5) instructional expenditures per student at the State's public community colleges; and (6) estimates of community college fee levels under a variety of options.

Principles adopted to guide the development of undergraduate fee policies at the State's public universities

In discussing alternative student fee policies for the State's community colleges, the Committee may well consider the principles it adopted in developing its recommendation on undergraduate student fee policy at the State's public universities:

- Students, their families, and society share in the responsibility for financing the costs of a college education.

- The State should bear the major share of the cost of instruction at public institutions of higher education because the one factor that truly distinguishes a public institution from a private one is that the government bears the primary responsibility for its operation. To require undergraduate students to pay a majority of the cost of instruction would mean abandoning the public nature of the institution.
- The unique characteristics of public colleges and universities as well as of the students they enroll should be recognized in developing the State's policy on student charges. For example, the California State University and the University of California are fundamentally different institutions in at least three ways -- (1) their unique missions, (2) the past academic performance of their students, and (3) the socioeconomic characteristics of these students. Further, the different missions of the two universities result in differences in their average cost of instruction, with the University's average cost of instruction being significantly higher than the State University's due to its exclusive responsibility for providing doctoral-level instruction. These distinguishing factors should play a critical role in determining their appropriate student charges.
- Student charges should not increase simply to fill the budgetary gap caused by any reduction in the State's General Fund support.
- Increases in student charges should be predictable so that students and their families can prepare for the costs of college attendance.
- Grant aid should be made available to offset any increase in student charges for all financially needy students in order to ensure that educational opportunities are available to all students, irrespective of economic means.
- The State's terminology used to describe student charges -- in particular, tuition and fees -- should be revised to reflect current reality and allow more effective use of the revenue generated by these charges.
- The original Master Plan principles of access, quality, affordability, and choice should be retained. To this end, the Commission should review the State's policy on student charges and financial aid at least every five years. This review should, among other results, remind the State of its historic Master Plan goals that the Commission continues to support.

California's previous and current statewide community college fee policy

In 1984, the Governor and Legislature for the first time imposed a systemwide enrollment fee in the California Community Colleges of $50 per semester for students enrolling in six or more semester units and $5 per unit for those enrolled in less than six. In doing so, it also eliminated many of the campus-based charges that were imposed at that time, including those for health and course additions. In 1987, these provisions were extended through January 1, 1992, with the passage of Assembly Bill 2336. In 1991, Senate Bill 381 extended them an additional three years through January 1, 1995, and -- because of the $14.3 billion budget deficit in

1991-92 -- it further directed the community colleges to charge a one-year surcharge of an additional $1 per unit, up to a maximum additional charge of $10 per semester, during the 1991-92 academic year. Thus, as of 1991-92, community college student fees were $6 per unit, up to a maximum of $60 per semester.

The 1992-93 State Budget changed the State's community college fee policy again, effective January 1, 1993: It increased the fee level to $10 per unit, with no cap or maximum; and it also created a separate fee level of $50 per unit, with no cap, for students with bachelor's degrees, with some exemptions, for example, for students intending to enter certain professions such as public safety protection.

Further, the 1993-94 Budget raised the regular "enrollment fee" in the community colleges to $13 per unit with no cap, but made no increase in the fee level charged bachelor's degree recipients.

Display 1 below shows increases in the statewide enrollment fee for California residents enrolled for 15 units per term since the fee's inception. As can be seen, that annual fee for these full-time students increased from $100 in 1990-91 to $120, $210, and $390 over the past four years.

DISPLAY 1 Annual California Community College Fees for California Residents Taking 15 Units per Semester, with Percent Changes, from Fiscal Year 1982-83 Through 1993-94

Fiscal Year	Statewide Fee	Percent Change
1982-83	$0	--
1983-84	100	--
1984-85	100	0.0%
1985-86	100	0.0
1986-87	100	0.0
1987-88	100	0.0
1988-89	100	0.0
1989-90	100	0.0
1990-91	100	0.0
1991-92	120	20.0
1992-93	210	75.0
1993-94	390	85.7

Source: California Postsecondary Education Commission *Fiscal Profiles.*

Community college fees in other states

Display 2 on the next page presents information on community college student charges in other states. As is evident, California's fees are the lowest in the nation and represent only about one-third of the $1,232 national average. Other states that are among the lowest in the nation with respect to community college fees include Hawaii ($480), North Carolina ($557), New Mexico ($582), Arizona ($690), and Texas ($716). As is evident from this list, most of these states are in the West, which has a tradition of charging students the lowest possible fees, since it was perceived by them that this was the best possible approach for promoting student access to higher education.

On the other hand, most of the states that have the highest community college student charges are located predominately in the northeast. Among the states with the highest community college student charges in the nation are: Massachusetts ($2,322), Vermont ($2,062), Indiana ($2,055), and New York ($2,035).

Income characteristics of California's community college students

The economic characteristics of students enrolled in the community colleges warrant consideration in making recommendations on the State's fee policy for these students. Some important factors include:

- Less than a quarter of community college students attend full time, while more than three-quarters attend part time.
- About 80 percent of community college students are independent of their par-

DISPLAY 2 Community Colleges Resident Tuition and Required Fees (Estimated State Averages)

	1991-92	1992-93	1993-94
Alabama	810	1,012	1,093
Alaska	1,118	1,288	1,536
Arizona	600	652	690
Arkansas	726	762	789
California	120	210	390
Colorado	1,157	1,271	1,295
Connecticut	1,130	1,276	1,398
Delaware	876	971	1,030
Florida	876	971	1,030
Georgia	1,053	1,104	1,134
Hawaii	440	460	480
Idaho	822	902	915
Illinois	943	1,107	1,203
Indiana	1,789	1,932	2,055
Iowa	1,370	1,448	1,491
Kansas	825	870	960
Kentucky	680	700	840
Louisiana	980	1,066	1,126
Maine	1,320	1,440	1,650
Maryland	1,335	1,500	1,600
Massachusetts	1,891	1,942	2,322
Michigan	1,096	1,298	1,324
Minnesota	1,598	1,688	1,766
Mississippi	818	942	938
Missouri	833	911	985

	1991-92	1992-93	1993-94
Montana	$908	$1,141	$1,293
Nebraska	933	960	999
Nevada	780	840	882
New Jersey	1,504	1,572	1,651
New Mexico	507	558	582
New York	1,712	1,913	2,035
North Carolina	483	557	557
North Dakota	1,619	1,643	1,693
Ohio	1,618	1,746	1,779
Oklahoma	939	963	1,022
Oregon	936	1,008	1,230
Pennsylvania	1,476	1,578	1,626
Rhode Island	1,368	1,496	1,546
South Carolina	899	967	1,063
Tennessee	850	910	938
Texas	609	690	716
Utah	1,157	1,207	1,252
Vermont	1,774	1,918	2,062
Virginia	1,050	1,230	1,320
Washington	945	999	1,125
West Virginia	906	1,067	1,089
Wisconsin	1,421	1,516	1,622
Wyoming	685	807	868
Average[1]	1,051	1,148	1,232

Note: In-district rates are listed for Arizona, Arkansas, Colorado, and Montana.

1. Does not include New Hampshire and South Dakota.

Source: California Postsecondary Education Commission staff analysis.

ents for financial support. For these approximately 970,000 students, more than half have incomes under $24,000 per year, while less than 10 percent have incomes in excess of $60,000.

- Of the 20 percent of community college students who are dependent on their parents for financial support, about one-half attend college full time, while the other half attend part time. Of the approximately 250,000 students represented in this group, about one-third come from families with parental incomes under $24,000, while about 25 percent come from families with parental incomes in excess of $60,000.

Estimated average per student community college instructional expenditures

Display 3 at the right presents information on estimated community college instructional expenditures per full-time-equivalent student. As it indicates, community college expenditures actually declined in 1991-92 and 1992-93. Generally, instructional expenditures per student in the community colleges have been approximately $3,000 over the past six years.

DISPLAY 3 Estimated California Community Colleges Instructional Expenditures per Full-Time-Equivalent Student in Actual Dollars for Fiscal Years 1985-86 Through 1993-94

Year	Estimated Instructional Expenditures Per FTE Student	Percent Change
1985-86	$2,563	
1986-87	2,578	0.6%
1987-88	2,720	5.5
1988-89	2,921	7.4
1989-90	3,023	3.5
1990-91	3,207	6.1
1991-92	3,121	-2.7
1992-93	2,863	-8.3
1993-94	2,976	4.0

Source: California Postsecondary Education Commission staff analysis.

Community college student fee levels under three policy alternatives

Display 4 below provides estimates of what community college student fee levels would be under three different fee policy options.

Alternative 1: 10 percent increase per year

The first of the three alternatives (Option 1 on page 1) provides for increases of 10 percent per year in community college student charges. Under this alternative, assuming a 10 percent increase annually, in 1998-99, students enrolled in 15 units per semester would pay approximately $628 in student fees -- roughly 18 percent of the cost of their instruction.

Alternative 2: 20 percent of prior year instructional expenditures

This alternative (Option 2 on page 1) ties annual community college student charges to 20 percent of the average prior year's instructional expenditures per full-time-equivalent student. As displayed, under this option, over the course of the next three years, fees would increase such that by 1998-99, they would be about $670, or 19.4 percent of estimated instructional expenditures

DISPLAY 4 California Community College Student Charges Under Three Alternative Fee Policies

Year	Estimated Instructional Expenditures Per FTE Student*	Alternative 1: Assuming Fee Increases of 10 Percent Per Year	Alternative 2: Fees Based on 20 Percent of Prior Year Instructional Expenditures	Alternative 3: Flat Fee Increase of $100 per Year
1993-94	$2,976	$390	$390	$390
1994-95	3,065	429	470	500
1995-96	3,157	472	550	600
1996-97	3,252	519	631	700
1997-98	3,350	571	650	800
1998-99	3,450	628	670	900
Estimated Percent of Instructional Expenditures Under Each Alternative				
1993-94		13.1%	13.1%	13.1%
1994-95		14.0	15.3	16.1
1995-96		15.0	17.4	18.8
1996-97		16.0	19.4	21.4
1997-98		17.0	19.4	23.8
1998-99		18.2	19.4	26.1

* Assumes a 3 percent average increase in instructional expenditures per FTE student.

Source: California Postsecondary Education Commission staff analysis.

-- only slightly more than that amount resulting from an annual 10 percent increase in community college student charges.

Alternative 3: $100 increase per year

This final alternative (not an option appearing on page 1) assumes an annual increase of $100 per year in community college student charges, until such time that California's community college student fees are equal to the national average of public community college student charges. Assuming this annual $100 increase, in 1998-99, student charges would represent approximately $900 or 26 percent of average instructional costs. Even at $900, however, that 1998-99 fee level would be $300 less than the current national average.

OPTIONS AND ALTERNATIVES FOR UNDERGRADUATE STUDENT FEE POLICIES

A Staff Report Relating to the Financing and Future of California Higher Education

POSTSECONDARY
CALIFORNIA EDUCATION
COMMISSION

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION
1303 J Street • Suite 500 • Sacramento, California 95814-2938

Introduction and Purpose of this Report

AS CALIFORNIA is poised on the edge of the twenty-first century, the demographic, fiscal, and educational challenges confronting the State are unparalleled: The population of the schools is growing at the fastest rate in over 30 years, and the Class of 2000 is expected to be the largest that has graduated from high school in the State's history. The last time the State was confronted with a burgeoning college-age population, its economy was robust, but now its economic condition is weaker than at any time since the great Depression of the 1930s and the State is hard pressed to provide the same postsecondary opportunities for this current generation of students as for those of the past three decades.

Moreover, diversity is second only to sheer growth in size as the most overarching characteristic of California's current elementary and secondary school students. No one racial/ethnic group constitutes a majority of the elementary school population; and early in the next century, this will be true of California's population at large. Moreover, data on student progress clearly show that the State's schools have been less successful in meeting the educational needs of students from the fastest growing groups than they have for students from other groups. The challenge for the State to provide equitable educational opportunities for all students from kindergarten through graduate school is not only a moral imperative but also a socioeconomic necessity, since on it also rests the civic and economic well-being of the State.

Yet the principles that have guided public postsecondary education in California since the 1960 Master Plan for Higher Education -- access, quality, and affordable cost -- are now at risk because of these fiscal and demographic realities. The California Postsecondary Education Commission recognizes that declining State support for higher education during the past two years has forced the State's systems of higher education to depart from their missions as called for in the Master Plan.

- For example, reductions in State support at the California State University have driven its enrollment down despite a growing college-age population. The State University is now serving nearly 40,000 fewer students than demographic estimates would have projected.

- Over the past two years, student fees at both the University and State University have increased by over 60 percent despite the State's policy that increases be gradual, moderate, and predictable.
- Further, State-based student financial aid has not been augmented to cover student fee increases. Cal Grant funding has actually declined for the one in four eligible needy students fortunate enough to receive an award.

Unfortunately, the State's current budget process ensures that this situation is not simply a function of hard economic times. Even when economic recovery occurs, it is expected that the State's budget process will be unable to provide California's higher education systems with the resources needed to keep pace with increased costs and anticipated enrollment growth.

As a result of this conclusion, California higher education is confronted with two fundamentally different alternatives. On the one hand, it could actively advocate that additional tax revenues be generated by the State so that the State and its taxpayers could continue to support higher education as they have historically done in the past -- thereby avoiding fundamental and wholesale changes in the State's policies of access, quality, and affordability. Alternatively, higher education can develop plans premised on the amount of State tax revenue likely to be available for its support. This latter alternative means that California's higher education systems must reexamine the principles of access, quality, choice, and equity contained in the State's Master Plan for Higher Education. The Commission has formed its Ad Hoc Committee on the Financing and Future of California Higher Education to assist the State in considering these two alternatives.

The Legislature recognized that the State had begun to depart from the ''affordability'' aspect of the State's Master Plan in enacting the student fee increases of 1991-92. As a result, it requested in Supplemental Report Language to the 1991-92 Budget Act that the Commission coordinate an intersegmental review of student fee and financial aid policies in California. The Legislature specified:

> The review shall include, but need not be limited to, the following:
>
> a. An analysis of the total costs to the state of the instructional mission in the three segments of public higher education, in comparison, to the extent possible, to comparable public and private institutions in California and nationally.
>
> b. Alternative student tuition, fee, and financial aid policies, and their consequences upon general fund revenues, student access, and financial aid requirements.

c. Discussion of future State policies on who should pay what share of the costs of higher education.

d. A review of the relative advantages or disadvantages of raising student tuition as a source of general fund revenue as contrasted with maintaining reduced funding for the current Master Plan missions.

Particular attention shall be paid to the consequences of all tuition and fee alternatives on the state's historic policies of access, choice, equity, and quality (including breadth of the instructional program, average student time to degree, and total cost of the baccalaureate to the student), with identification of any sub-group most likely to suffer negative consequences as a result.

The purpose of this document is to begin to respond to Item b of that legislative request. This report represents the first in a series of documents that the Commission will ultimately present to the Legislature in order to respond fully to the request.

In this report, Commission staff analyzes, to the extent currently possible, four student fee policy options for setting undergraduate student fees that could be implemented in all three of California's public higher education systems. These four options have been chosen for analysis at the suggestion of the Commission's advisory committee with which Commission staff has consulted throughout the development of this report. In subsequent reports, the Commission will analyze graduate student fee alternatives, as well as other fee alternatives that are system-specific and were also chosen for analysis based on suggestions of the Commission's advisory committee convened pursuant to the legislative request.

While Commission staff would have preferred to present its analyses of all student fee options in a single report, that was not possible because information from the Student Aid Commission's Student Expenses and Resources Survey (SEARS) -- essential to such analysis -- was not released to the Commission until mid-January. The Commission wishes to thank the Student Aid Commission and its staff for their assistance and cooperation in providing the SEARS data that serve as a foundation for much of the analyses that follow.

Throughout the following analyses, the Postsecondary Education Commission has attempted to be as conservative as possible in estimating the amount of net revenue that may be generated from implementation of these student fee policy options. If the staff has overestimated the amount of financial aid that would be needed to assist financially needy students, the net revenue generated from implementation of these options will be greater than that estimated here. It should also be noted that the analyses relate only to undergraduate students. They do not include any revenues generated or aid required by graduate students, should the policy options be extended to apply to graduate as well as undergraduate students.

It should also be noted that this report attempts only to estimate the amount of additional grant aid that should be made available under various levels of student fees and it assumes that all such aid is funded from the gross revenue generated from the fee increase. It does not assume that a portion of the required financial aid would be funded through the Cal Grant program. This report does not discuss or make recommendations about the State's student financial aid policies. Currently, each of the systems employs different practices and policies regarding the distribution of institutionally-based grant assistance and those differences are not reflected in this report. After the Commission has a better indication of which of these four fee options might be implemented, it will make recommendations concerning future student financial aid policies and practices it believes would be appropriate for the State's public colleges and universities.

The legislative language calls for the Commission to analyze the impact of alternative student fee policies on "general fund revenues, student access, and financial aid requirements." The Commission has interpreted "general fund revenues" to mean the net additional fee revenue generated by implementation of the option that is available to the system for operating expenses. The Commission staff's estimation of that amount as well as the additional financial aid required if the option were implemented is contained in the following options where possible.

The second portion of the request -- to analyze the impact that alternative policies would have on student access -- is far more complicated than estimating the general fund revenues or financial aid requirements associated with each of the various policy alternatives. The difficulty in estimating the impact that these alternative policies would have on student access relates to the fact that student access -- student enrollments -- are a function of number of competing factors. Among the factors that may play a significant role in influencing student enrollment levels at the State's public colleges and universities are:

- Overall revenue available to each system for support of its instructional mission;
- Student fee and tuition levels;
- Adequacy of student financial aid and knowledge of its availability;
- Demographic changes occurring in the State's population;
- Policies and practices of other higher education institutions;
- Students' choices and preferences as they relate to higher education;
- Information in the media regarding higher education;

- Perceptions of course availability; and
- Overall economic conditions present in the State.

Since each of these factors is changing simultaneously, it is difficult to determine which of them is playing the most significant role in the enrollment changes occurring in California's public higher education systems. However, given the State's current fiscal condition and the impact that it has had on the budgets of California's public colleges and universities, Commission staff hypothesize that the one factor playing the most significant role in influencing student access at the State's public colleges and universities is the overall revenue available to them to support their instructional missions. Thus, given that hypothesis, Commission staff believe that in order to accurately analyze the impact that any given fee/aid option might have on student access, it is necessary to consider the total revenue available to the system under that option which could support the system's instructional mission.

Display 1 on the next page attempts to address the issue of student access in terms of revenue available to support instructional activities under three alternative fee/aid scenarios. As the display indicates, in the current year (1992-93) governmental and student fee revenues available to support the general instructional mission in each of California's public higher education systems amounts to approximately $3,072 per full-time-equivalent student (FTE) at the community colleges, about $7,337 per FTE at the State University, and around $11,023 per FTE at the University of California. If one assumes that the systems will need about that same revenue per FTE next year (1993-94) as they received this year, then one can estimate the total number of students to whom the systems could provide access given a projected level of revenue.

Thus, if one assumes that student fees increase by 10 percent in 1993-94 for all students in all three public higher education systems and adequate financial aid is made available to offset the fee increase with a full grant for all needy students, Commission staff estimates that such an increase would generate approximately $9.5 million in additional net revenue in the community colleges, about $20.5 million at the State University, and approximately $26.0 million at the University of California. When this revenue is added to the amount which the Governor proposes to provide to the systems from governmental sources in 1993-94 and to current student fee revenues, we obtain an estimate of the amount of revenue available in 1993-94 to support the general instructional activities of each system. If one assumes that the systems will need the same level of revenue per FTE in 1993-94 as they received per FTE this year, we obtain an estimate of the number of FTE students which could be accommodated. As the display indicates, given these assumptions, the community colleges would have

DISPLAY 1 *Impact on Full-Time-Equivalent Enrollment Under Various Fee Scenarios*

	California Community Colleges	The California State University	University of California
1992-93 Estimated FTE Enrollment[a]	878,582	257,000	141,697
1992-93 Government Appropriations[b]	$2,572,500,000	$1,501,000,000	$1,127,100,000
1992-93 Student Fee Revenue	$126,069,000	$384,675,000	$434,852,000
Total 1992-93 Government and Student Fee Revenue	$2,698,569,000	$1,885,675,000	$1,561,952,000
1992-93 Government and Student Fee Revenue Available Per FTE	$3,072	$7,337	$11,023
10 Percent Student Fee Increase Scenario			
Annual Systemwide Full-Time Fee Level Under this Scenario	$330	$1,439	$3,106
Proposed 1993-94 Government Appropriations[b]	$2,310,100,000	$1,433,200,000	$1,046,160,000
Fee Revenue from Currently Adopted 1992-93 Student Fee Levels	$165,069,000	$384,675,000	$434,852,000
Net Additional Student Fee Revenue Under this Scenario[c]	$9,500,000	$20,500,000	$26,000,000
Total Potential Government and Fee Revenue Under this Scenario	$2,484,669,000	$1,838,375,000	$1,518,712,000
Number of FTE Students Who Could be Provided Access if 1992-93 Revenue Levels Per FTE Student are Maintained in 1993-94	808,811	250,562	137,776
Potential Change in FTE Students Under this Scenario	-69,770	-6,438	-3,920
Student Fees Set at 25 Percent of the Cost of Instruction at CCC and at 35 Percent at CSU and UC			
Annual Systemwide Full-Time Fee Level Under this Scenario	$800	$2,640	$4,260
Proposed 1993-94 Government Appropriations[b]	$2,310,100,000	$1,433,200,000	$1,046,160,000
Fee Revenue from Currently Adopted 1992-93 StudentFee Levels	$165,069,000	$384,675,000	$434,852,000
Net Additional Student Fee Revenue Under this Scenario[c]	$152,000,000	$200,000,000	$127,000,000
Total Potential Government and Fee Revenue Under this Scenario	$2,627,169,000	$1,217,875,000	$1,608,012,000
Number of FTE Students Who Could be Provided Access if 1992-93 Revenue Levels Per FTE Student are Maintained	855,198	275,027	145,877
Potential Change in FTE Students Under this Scenario	-23,384	18,027	4,180
Set Community College Fees at $1,050, CSU fees at $1,740, and UC fees at $3,710			
Annual Systemwide Full-Time Fee Level Under this Scenario	$1,050	$1,740	$3,710
Proposed 1993-94 Government Appropriations[b]	$2,310,100,000	$1,433,200,000	$1,046,160,000
Fee Revenue from Currently Adopted 1992-93 Student Fee Levels	$165,069,000	$384,675,000	$434,852,000
Net Additional Student Fee Revenue Under this Scenario[c]	$223,400,000	$67,800,000	$81,000,000
Total Potential Government and Fee Revenue Under this Scenario	$2,698,569,000	$1,885,675,000	$1,562,012,000
Number of FTE Students Who Could be Provided Access if 1992-93 Revenue Levels Per FTE Student are Maintained	878,582	257,000	141,702
Potential Change in FTE Students Under this Scenario	0	0	0

a. For the University of California, health science enrollments are excluded. The source of these figures is the Legislative Analyst's Analysis of the Proposed 1993 State Budget.

b. Includes local property tax revenue for the community colleges. For the University of California, this figure represents 60 percent of the total State General Fund support for the University – the approximate amount which supports instruction of all non-health science students at the University.

c. This amount represents the net additional fee revenue generated after subtracting the amount needed to provide adequate levels of student financial aid. Depending on the system and on the size of the fee increase, Commission staff estimates that between 43 and 55 percent of the additional gross revenue generated from these options must be returned to provide adequate levels of student financial assistance to ensure that access losses resulting solely from the fee increases will be minimal.

Source: California Postsecondary Education Commission staff estimates.

funding available to accommodate approximately 808,800 FTE, the State University about 250,600 FTE, and the University about 137,800 FTE. In all three systems this would be a decline from current FTE enrollment levels. Commission staff estimates that community college enrollment would decline by 69,800 FTE, the State University's would decline by 6,400 FTE, and the University's would decline by 3,900 FTE.

If student fees were set at 25 percent of the total average cost of instruction in the community colleges ($800 per year), and at 35 percent of the total average cost of instruction at the State University ($2,640 per year) and University ($4,260), given the above assumptions, we estimate that community college FTE enrollments would still decline -- by about 23,000 FTE -- while those at the State University and University would actually increase, by about 18,000 FTE and 4,000 FTE, respectively, for a total net decline of 1,000 FTE in the public institutions.

One question some may ask is given the above assumptions at what level would fees need to be set in order for total instructional revenue in each system to remain at current year levels and thereby enable the systems to continue to accommodate their current FTE enrollment levels. Commission estimates given these assumptions, that in order for access not to be cut relative to 1992-93 levels due to declining revenues, community college fees would need to rise to $1,050, those at the State University to about $1,740, while those at the University to $3,710 per year.

Commission staff would like to reiterate that the above figures are only its best estimates based on a number of assumptions. These assumptions include that:

1. The systems will receive in 1993-94 the amount of governmental revenue proposed by the Governor in his proposed 1993-94 State Budget.
2. The systems will need in 1993-94 the same amount of revenue per FTE as they received in 1992-93.
3. The systems will continue to allocate funds among their varied functions as they currently do.
4. Sufficient levels of student financial aid will be provided and information regarding its availability will be effectively disseminated. The Commission staff estimates that, in order to provide sufficient financial aid, depending on the system and the size of the fee increase between 46 and 58 percent of additional gross revenue generated from the proposed fee increases would need to be returned to aid. This percentage is significantly higher than current levels.
5. If the Commission staff's estimated levels of aid are provided and information about their availability are effectively disseminated, enrollment losses related exclusively to the fee increase would be minimal.

Given the Commission staff's belief that overall revenue available to the systems is currently the primary factor influencing student access at the State's public colleges and universities, one may ask what impact do the various fee/aid options -- in and of themselves -- have on student access. National literature relating to the impact of fee and financial aid increases on an individual student's enrollment decision is varied. Most such literature recognizes that increases in student fees without consideration of student financial aid does have some impact on a student's enrollment decisions, with that impact varying based on the student's demographic and income characteristics. However, the literature that attempts to include an analysis of student financial aid coupled with an increase in student fees evidences great variability in their findings. Most of that literature suggests that the provision of additional financial aid does minimize the impact of a fee increase. However, the extent of the influence that increased aid plays -- which, in part, is a function of how much aid is provided -- in minimizing the impact of the fee increase varies considerably from study to study. One study suggests that providing students with some aid to offset the fee increase will still result in some students making alternative enrollment decisions, while other studies indicate that if students receive a full grant to offset any increase in fees, their enrollment decisions will remain the same. More comprehensive discussions of this subject in the literature recognize, however, that students' enrollment decisions are a function of more than just student fee and financial aid levels; rather, they are a result of many other considerations -- including the school's location, reputation, and program offerings, to name just a few. As such, this literature suggests that analysis of only financial considerations will not translate into accurate predictions of student behavior because of these other non-financial factors which play a significant role in students' ultimate enrollment decisions.

As a result of the differing findings contained in the national literature, the following analyses of four options for fee policy assume that if the level of financial aid suggested by the Commission's analysis is actually provided and information regarding its availability is comprehensively distributed, undergraduate enrollment declines relating exclusively to the fee increase would be minimal. While the Commission staff believes that this assumption is fairly accurate, it does wish to recognize that the national literature on the subject of the impact that grant aid has on offsetting student fee increases is inconclusive.

In reviewing the four options that follow, one may wish to keep in mind the student fee increases already adopted or proposed for the 1993-94 academic year. The Trustees of the California State University have also approved a $480 increase in systemwide undergraduate student fees for 1993-94. This $480 increase will bring the State University's systemwide fees for a full-time undergraduate student to $1,788 next year. Full-time graduate students at the State University would be required to pay a total of $2,148 next year, an increase of $840. Unlike the University of California, however, the State University's student fee in creases must be approved by the Governor and Legislature before final enactment. The University of California Board of Regents has approved a $995 increase in systemwide student fees for 1993-94, bringing the University's total systemwide student fees to $3,819 for a full-time undergraduate or graduate student in 1993-94. The Governor has proposed as part of his 1993-94 budget that community college fees rise to $30 per semester unit for non-baccalaureate degree holders, while those with such degrees would pay the full cost of their instruction.

A second item that readers may wish to be mindful of in considering the options that follow relates to the issue of predictability. The State's existing long-term student fee policy for the University and State University calls for student fee increases to be "gradual, moderate, and predictable." However, fee increases are only predictable if the State and its institutions follow whatever policy is in place. Thus, none of the following options, including the current long-term policy, ensures predictable fee increases in the future, unless the policy is followed without exception.

Finally, the Commission staff is currently in the process of surveying other states to obtain a greater understanding of how student charges at their public two-year institutions are determined by type of instruction offered (i.e., academic/transfer, technical/vocational, basic skills). The staff hopes that this additional information will be of assistance in discussing student charges at California's public community colleges, since they offer a wide range of instructional services that may need to be priced differentially.

1. Maintain the State's Current Long-Term Student Fee Policy for UC and CSU and Extend It to the Community Colleges

The proposed option

This option would maintain the State's current student fee policy, which calls for fee increases to be gradual, moderate, and predictable. That policy indexes fee increases for the University of California and the California State University to the three-year moving average of State support per full-time-equivalent student. Notwithstanding the three-year average, the policy permits fees to rise by up to 10 percent when the State's expenditures and revenues are substantially imbalanced. No State policy is currently in place for annually adjusting fees in the community colleges. However, this option includes the alternative of extending the State's current policy on fees at the University of California and the California State University to the community colleges.

Background on the option

California has historically maintained a commitment to providing a "tuition free," low-cost, publicly supported system of higher education, with "tuition" being defined as any monies assessed to pay for the direct cost of instruction.

This low-cost fee philosophy provided what was believed to be one of the best vehicles available for promoting access. It was further grounded in the political and economic principle that there is a widespread social and economic benefit from public investment in higher education, rather than simply a private or individual benefit. Thus, access to higher education in California is viewed more as a social right than an individual privilege.

The Commission for the Review of the Master Plan for California Higher Education supported the low cost philosophy, but noted that students in all three public segments should bear a portion of the total cost of their education.

In 1985, California enacted SB 195 (Maddy) -- a long-term resident student fee policy for the University of California, the California State University, and Hastings College of the Law.

The policy stipulated that the State shall bear the primary responsibility for the cost of providing higher education, but that students should be responsible for a portion of those costs.

It calls for fee increases to be gradual, moderate, and predictable and announced ten months in advance. In cases where the State's revenues and expenditures are substantially imbalanced, the policy allows for fee increases of up to, but no more than, 10 percent.

Otherwise, the policy calls for fee increases to be indexed to the three-year moving average of changes in State support per FTE student using either (1) all State support for the segment except lottery revenue, capital outlay, financial aid, or (2) all State support for the segment except lottery revenue, capital outlay, financial aid, instruction, organized activities, research, public service, and teaching hospitals.

In addition, the policy eliminated the fee differential between undergraduate and graduate students that was present at the University of California.

Finally, the policy stipulated that no resident fee revenue could be used for instructional purposes.

SB 195 sunsetted in 1990, but was extended with minor technical modifications through 1996 with the passage of SB 1645 (Dills) in 1990.

Despite the State's long-term student fee policy, the past several years have seen fee increases at the University of California and the California State University in excess of the 10 percent limit specified in statute. The State's ongoing budget difficulties have resulted in the systems pursuing large fee increases to help offset reductions in General Fund support. Increases in systemwide fees at the University of California were 40 and 24 percent in 1991-92 and 1992-93 respectively. Increases in systemwide fees at the California State University for the same two years were 20 and 40 percent.

Fees at the California Community Colleges did not change in 1991-92, but the cost per unit climbed from $6 to $10 per semester unit beginning January 1, 1993. In addition, with the new fee level came the elimination of a cap on fees.

Due to UC's constitutional autonomy, UC's fee increases did not require suspension of the current fee policy statutes. CSU's increases did require legislation, and the legislation ultimately enacted suspended the current fee policy for four years by authorizing a 40 percent fee increase for 1992-93, freezing the fee through 1994-95, and reducing CSU's base student fee for 1995-96 to the 1991-92 level. Fees at the community colleges are specified in statute, so the change in 1992-93, like any change in community college fees, required legislation.

The declining levels of General Fund support for higher education in recent years mean that indexing fees for 1993-94 to the three-year moving average of State support per FTE as specified in current statute would yield a *decline* in fees at both the University of California and the California State University. This fact, coupled with the reduced level of State support proposed in the Governor's 1993-94 Budget, leads Commission staff to conclude that a 10 percent increase in student fees for 1993-94 would be likely if the State followed its current student fee policy.

Potential non-fiscal impact of the option

The State's current student fee policy is premised on keeping fees as low as possible. That policy was believed to be one of the best vehicles available for providing access to higher education for all California citizens. Past Commission analysis suggests, however, that this policy has not provided equal access to all California citizens. Prior analysis indicates that the proportion of students from middle-income backgrounds enrolled at the University and the State University decreased from 1982 to 1988 -- a period during which growth occurred statewide in this income group. However, Student Aid Commission analysis of data from the 1985 and 1992 Student Expenses and Resources Surveys (SEARS) suggests that changes in the proportion of middle-income students enrolled at the University and State University are consistent with changes in this income group in the population as a whole. Commission staff will reexamine this issue based on its own analysis of income data now available from SEARS.

As is the case with any increase in student fees, students from low- and middle-income backgrounds could be seriously affected by this proposal if the State and its public institutions do not provide sufficient financial aid to offset the fee increase for needy students. An estimate of the amount of additional aid required to offset the fee increase for needy students resulting from implementation of this proposal is discussed below under the section titled "Potential Fiscal Impact of the option."

Furthermore, access to higher education is hampered not only by student charges but also by insufficient institutional revenue to allow colleges and universities to offer the classes students need or desire. Reduced levels of State support for California's systems of higher education have resulted in the systems turning to fee increases in excess of the 10 percent specified in the State's current fee policy to generate additional revenue in order for them to adequately support their instructional activities. Constraining that revenue by limiting fee increases to 10 percent may require the systems to reduce the number of course sections offered, thereby reducing the systems' ability to accommodate students. A more extensive discussion of this issue and an illustration of the potential consequences in terms of accommodating students of limiting fee increases to 10 percent is included in the introduction to this report. Thus, reducing course availability may result in inhibiting student access in much the same way as steep increases in fees without adequate financial aid to assist students with limited financial resources. Both access to the system and access to courses should be considered in evaluating this option.

Potential fiscal impact of the option

The following analysis contains the Commission staff's estimates of the additional student fee revenue that would be generated and the additional financial aid that would be required if this option were implemented. The analysis includes not only the University of California and the California State University, which are both included in the State's current long-term fee policy, but also the Community Colleges to demonstrate the fee revenue that would be generated if they were included in the State's current long-term fee policy. Display 2 on the next page presents this information in tabular form. All calculations are for undergraduate students only and do not include any revenues generated or aid required by graduate students should this fee option be extended to apply to graduate as well as undergraduate students.

Throughout the following analysis, Commission staff has attempted to be as conservative as possible in estimating the amount of net additional student fee revenue that may be generated from implementation of this option. If the level of grant aid estimated below is more than the amount actually needed to serve financially needy students, net revenues resulting from implementation of the option would be greater than that estimated.

California Community Colleges

If the State were to apply its current long-term fee policy for the University of California and the California State University to the California Community College for 1993-94, fees at the California's Community Colleges would likely increase 10 percent, or $1 per unit. This increase would result in annual fees for a full-time student increasing from $300 to $330. Commission staff estimate that this option would net $9.5 million in additional student fee revenue after funding is provided for financial aid (see Attachment for an explanation of Commission staff's methodology for estimating necessary financial aid). The cost of providing this amount of additional grants is approximately $10.5 million, or 52 percent of the total $20 million in additional student fee revenue generated by this proposal. If this level of grant aid is provided, Commission staff believe that student enrollment declines related exclusively to the student fee increase will be minimal.

The California State University

If the State were to follow its current long-term student fee policy for 1993-94, fees at the California State University would likely increase 10 percent, or $131 for full-time students. This would result in a systemwide fee of $1,439. Commission staff estimate that such a fee increase would net $16.5 million in additional student fee revenue after funding is provided for financial aid (see Attachment for an explanation of Commission staff's methodology for estimating necessary financial aid). The cost of providing this amount of additional grants is $16.5 million, or 50 percent

DISPLAY 2 Implications of Increasing Systemwide Student Fees by 10 Percent at the California Community Colleges, the California State University, and the University of California

	California Community Colleges	The California State University	University of California
Current Annual Full-Time Systemwide Fee Level	$300	$1,308	$2,824
10 Percent Fee Increase	30	131	282
Systemwide Fee Level with Increase	330	1,439	3,106
Additional Student Fee Revenue Generated	$20 million	$33 million	$35 million
Additional Amount of Financial Aid Required for Needy Students	$10.5 million	$16.5 million	$15 million
Percentage of Additional Gross Fee Revenue Returned to Aid	52%	50%	43%
Net Additonal Student Fee Revenue	$9.5 million	$16.5 million	$20 million

Source: California Postsecondary Education Commission staff analysis.

of the total $33 million in additional student fee revenue generated by this proposal. If this level of grant is provided, Commission staff believe that student enrollment declines related *exclusively* to the student fee increase will be minimal.

University of California

If the State were to follow its current fee policy for 1993-94, fees at the University of California would likely increase 10 percent, or $282 for a full-time student. This increase would result in a systemwide fee for an undergraduate of $3,106. Commission staff estimate that this option would net $20 million in additional student fee revenue (see the Attachment on pages 43-45 for an explanation of Commission staff's methodology for estimating necessary financial aid). The cost of providing this amount of additional grants is approximately $15 million, or 43 percent of the total $35 million in additional student fee revenue generated by this proposal. If this level of grant aid is provided, Commission staff believe that student enrollment declines related *exclusively* to the student fee increase will be minimal.

2. Set Student Charges at Public Institutions as a Specified Percentage of the Cost of Instruction

The proposed option

Student fees at California's public colleges and universities would be set and adjusted annually based on a specified percentage of the cost of instruction in each system

Background on the option

A number of states set the level of student charges at their public colleges and universities at a specified percentage of the institution's cost of providing instruction. Display 3 on the following page lists states using this approach for setting their student charges' levels. As the display indicates, there is variability among states using this approach in terms of the percentage of instructional cost which students must bear. Generally speaking, these states set fees at their community colleges somewhere between 20 and 30 percent of the cost of instruction; for comprehensive institutions similar to the California State University, the percentage varies between 22 and 35 percent of the cost of instruction with many states charging 25 percent of cost; while student charges at research universities similar to the University of California vary from 25 to 35 percent of the cost of instruction for undergraduate students, with many charging such students somewhere between 30 and 35 percent of average cost.

The Commission is currently in the process of surveying other states to obtain a greater understanding of how student charges at public two-year institutions in other states are determined by type of instruction offered (i.e. academic/transfer, technical/vocational, basic skills). Commission staff hope that this additional information will be of assistance in discussing student charges at California's public community colleges since they offer a wide range of instructional services that may need to be priced differentially.

One of the most important elements in implementing this proposed fee option is the need for agreement on the calculation of the cost of instruction in each of California's public higher education systems and whether an average cost should be calculated for each level of instruction offered by the system. Unfortunately, data is not currently available that would enable calculation of the average cost of instruction by level and, as a result, the focus of current efforts has been limited to calculation of the average

DISPLAY 3 States That Set Resident Tuition and/or Fees as a Percentage of Instructional Costs or State Appropriations

Arizona	Tuition set at 22.5 percent of cost of education.
Arkansas	Tuition set at 30 percent of the cost of instruction.
Colorado	Tuition set between 25 and 30 percent of the cost of instruction.
Connecticut	Tuition set at 20-25 percent of prior-year appropriations per student.
Florida	The goal is to set tuition at 25 percent of the cost of instruction. Costs are based on prior-year expenditures for direct instruction as well as a pro-rated share of other costs (i.e., administration, library, etc.).
Georgia	Tuition set at 25 percent of total educational and general expenditures, excluding funds for public service, continuing education, and capital and equipment replacement or improvement.
Illinois	Tuition set at approximately 33 percent of the cost of education. Appropriations for retirement, capital improvements, research, and public service are excluded from the calculation.
Maryland	Tuition set at 30 percent of the cost of education.
Massachusetts	Undergraduate tuition is set at 30 percent of prior-year educational cost per student at four-year institutions and at 25 percent at the community colleges. Cost of education includes instruction, academic and institutional support services, student services, and plant maintenance. Graduate tuition (except medicine and maritime) set at 125 percent of undergraduate tuition.
Minnesota	Tuition set at 33 percent of the cost of education in the collegiate systems and at 27 percent in the state's technical institutes. Costs include expenditures for direct instruction as well as support related to instruction.
Missouri	Tuition at the University is set at 33 percent of the cost of instruction. At the state's baccalaureate institutions it is set at 26 percent of cost, while at the community colleges, it is set at 20 percent.
New Jersey	Tuition set at approximately 30 percent of average educational cost for undergraduates and at 45 percent of average educational cost for graduate students.
Oklahoma	Tuition set at 30 percent of the cost of instruction.
Tennessee	Undergraduate student fees set at 30-32 percent of appropriations at the state's universities and 24-26 percent at its two-year institutions. Graduate tuition (except for medicine, vet. med., and dentistry) set 50 percent higher than undergraduate tuition.
Virginia	Tuition set at 25 percent of the cost of education at senior institutions and at 20 percent of cost at the community colleges.
Washington	Undergraduate tuition set at 33 percent of the instructional costs at the state's research universities, 25 percent of cost at the regional universities, and 23 percent of cost at the community colleges. Graduate tuition in all institutions is set at 23 percent of the instructional cost.
Wisconsin	Tuition set at 35 percent of educational cost which includes instruction, student services, academic support, and a pro-rated share of administration, physical plant, and depreciation.

Source: California Postsecondary Education Commission staff analysis.

cost of instruction by revenue source for all instructional levels combined. Another issue that remains to be discussed if this policy option were to be implemented is whether students should pay a percentage of the total average cost of instruction from all revenue sources or a percentage of the cost only from specific revenue sources.

Commission staff has worked with the systems, the Department of Finance, and the Legislative Analyst's Office, to develop a methodology for calculating the average cost of instruction by revenue source for each of California's three public higher education systems. For purposes of the following analysis, staff has used the total average cost of instruction from all revenue sources, recognizing that the issue of whether to include all revenue sources in the calculation of the student charges level still needs to be resolved.

For the community colleges, the total average cost of instruction from all revenue sources is $3,178 per full-time-equivalent student (FTES). At the State University, the total average cost from all revenue sources is $7,551 per FTES, and, at the University of California, the amount is $12,168 per general campus FTES, which excludes all health science students. Given these costs of instruction, students currently enrolled in the community colleges pay about 9 percent of the total average cost of instruction; students enrolled at the State University pay about 17 percent of the total average cost; and students at the University of California pay about 23 percent of the total average cost of instruction from all revenue sources.

Potential non-fiscal impact of the option

According to proponents of this option, one of its greatest advantages is that it would clearly articulate what share of responsibility the student and the State have for financing the costs of a public higher education. However, its implementation would violate one of California's traditions: higher education should be tuition free. A major provision of the State's current student fee policy is that students do not pay tuition -- monies that support the cost of direct instruction -- but rather pay only fees which help support programs and activities complementary to instruction. If this option were enacted, California would be departing from its historic commitment of providing a ''tuition free'' higher education.

In addition, the State's current student fee policy is premised on keeping fees as low as possible. That policy was believed to be one of the best vehicles available for providing access to higher education for all California citizens. Past Commission analysis suggests, however, that this policy has not provided equal access to all California citizens. Prior analysis indicates that the proportion of students from middle-income backgrounds enrolled at the University and the State University decreased from 1982 to 1988 -- a period during which growth occurred statewide in this income group. However, Student Aid Commission analysis of data from the 1985 and 1992 Student Expenses and Resources Surveys (SEARS) suggests that changes in the proportion of middle-income students enrolled at the University and State University are consistent with changes in this income group in the population as a whole. Commission staff will reexamine this issue based on its own analysis of income data now available from SEARS.

As is the case with any increase in student fees, students from low- and middle-income backgrounds could be seriously affected by this proposal if the State and its public institutions do not provide sufficient financial aid to offset the fee increase for needy students. An estimate of the amount of additional aid required to offset the fee increase for needy students resulting from implementation of this proposal is discussed below under the section titled ''Potential Fiscal Impact of the Option.''

In addition to providing more financial aid, this proposal would also require a more effective financial aid delivery system if the State wishes to maximize the opportunity for low- and middle-income students to attend its public colleges and universities. Four of the financial aid delivery system issues which would need to be addressed include:

- First, the State would need to overcome the problem of ''sticker shock'' -- whereby students and parents incorrectly determine that higher education is beyond their economic means because they look only at the stated fee level without considering the availability of student financial aid. Combatting this problem would require an intensive public information campaign in order to ensure that needy potential students know about the availability of financial aid and the process by which to apply for it. The costs of that program could be funded from the increase in student fee revenues.
- Second, the process of applying for financial aid would need to be streamlined so that it does not discourage qualified students from applying for aid.
- Once a student applied and was deemed eligible, the process by which students receive aid would need to be more efficient and less burdensome.
- Finally, since greater numbers of students would require financial aid, the workload of the systems' financial aid offices would increase. Additional funds would be needed to expand those offices and ensure that needy students receive aid.

Access to higher education is hampered not only by student charges but also by insufficient institutional revenue to allow colleges and universities to offer the classes students need or desire. Proponents of this proposal argue that by charging higher student fees, institutions will be able not only to offer the necessary classes to ensure that students can complete their degrees in a timely fashion but also to provide increased grant aid to help needy students meet the costs of higher education. A more extensive discussion of the issue of student access and an illustration of the potential consequences on students access under this option is included in the introduction to this report.

Potential fiscal impact of the option

Display 4 on the next page summarizes the Commission staff's estimates of the additional student fee revenue that would be generated and the additional financial aid that would be required under various percentage of cost of instruction scenarios for each of the three systems. All calculations are for undergraduate students only and do not include any revenues generated or aid required by graduate students should this fee option be extended to apply to graduate as well as undergraduate students.

Throughout the analysis, Commission staff has attempted to be as conservative as possible in estimating the amount of net additional student fee revenue that may be generated from implementation of these scenarios. If the level of grant aid estimated below is more than the amount actually needed to serve financially needy students, net revenues resulting from implementation of these options would be greater than that estimated.

What follows is intended to assist the reader in accurately interpreting the data presented in Display 4 for each of the systems.

California Community Colleges

As previously noted, students attending California's community colleges currently pay about 9 percent of the total average cost of instruction which Commission staff calculates to be $3,178 per FTES for this analysis. As Display 4 indicates, if the State were to adopt a policy that required community college students to pay 15 percent of the total average cost of instruction, fees for a full-time student would increase $175 per year to a total of $475 per year or $16.00 per semester unit. Commission staff estimates that at this level, after providing additional student financial aid, this proposal would net approximately $57 million in new student fee revenue (see Attachment for an explanation of the Commission's methodology for estimating necessary financial aid). The cost of providing these additional grants is approximately $62 million, or 52 percent, of the total $119 million in additional student fee revenue generated by this proposal. If this level of grant aid is provided and information regarding its availability is comprehensively distributed, Commission staff believe that student enrollment declines related *exclusively* to the student fee increase will be minimal. Staff's estimates of the additional fee revenue and financial aid associated with increasing fees to 25 and 35 percent of the cost of instruction in the community colleges are also presented in Display 4.

DISPLAY 4 Implications of Implementing Fees as a Percentage of the Cost of Instruction in California's Public Colleges and Universities Under Various Scenarios

California Community Colleges (Estimated total cost of instruction: $3,178; current systemwide fee level: $300. Students currently pay about 9 percent of total average cost.)

Fees as a Specific Percent of the Cost of Instruction	15%	25%	35%
Student Fees Per Year	$475 ($16.00 per semester unit.)	$800 ($26.50 per semester unit; approximately equal to the Governor's Budget proposal.)	$1,110 ($37.00 per semester unit; approximately the national two-year college average.)
Additional Student Fee Revenue Generated	$119 million.	$332 million	$542 million.
Additional Amount of Financial Aid Required for Needy Students	$62 million.	$180 million.	$298 million.
Percentage of Additional Gross Fee Revenue Returned to Financial Aid	52 percent.	54 percent.	55 percent.
Net Additional Student Fee Revenue*	$57 million.	$152 million.	$244 million.

The California State University (Estimated total cost of instruction: $7,551; current systemwide fee level: $1,308. Students currently pay about 17 percent of total average cost.)

Fees as a Specific Percent of the Cost of Instruction	25%	35%	50%
Student Fees Per Year	$1,890	$2,640 (approximate average of CSU public faculty salary comparison group.)	$3,775
Additional Student Fee Revenue Generated	$147 million.	$337 million.	$623 million.
Additional Amount of Financial Aid Required for Needy Students	$ 75 million.	$176 million.	$341 million.
Percentage of Additional Gross Fee Revenue Returned to Financial Aid	51 percent.	52 percent.	55 percent.
Net Additional Student Fee Revenue*	$72 million.	$161 million.	$282 million.

University of California (Estimated total cost of instruction: $12,168 current systemwide fee level: $2,824. Students currently pay about 23 percent of total average costs.)

Fees as a Specific Percent of the Cost of Instruction	30%	35%	50%
Student Fees Per Year	$3,650 (approximate average of UC faculty salary comparison group.)	$4,260 (approximately equal to the University of Michigan's fees)	$6,085.
Additional Student Fee Revenue Generated	$103 million.	$179 million.	$406 million.
Additional Amount of Financial Aid Required for Needy Students	$45 million.	$81 million.	$208 million.
Percentage of Additional Gross Fee Revenue Returned to Financial Aid	44 percent	45 percent	51 percent
Net Additional Student Fee Revenue*	$58 million.	$98 million.	$198 million.

* Net fee revenue figures do not take into consideration additional funding required for a comprehensive public information campaign regarding the availability of additional aid, and they do not consider the added funding required for adequately staffing student financial aid offices.

Source: California Postsecondary Education Commission staff calculations.

The California State University

Students attending the California State University currently pay about 17 percent of the total average cost of instruction which Commission staff calculates to be $7,551 per FTES. As Display 4 shows, if the State were to adopt a policy that required State University undergraduate students to pay 35 percent of the total average cost of instruction, fees for a full-time undergraduate would increase $1,332 per year to a total of $2,640 per year -- roughly equivalent to average student fees charged at the State University's 15 public faculty salary comparison institutions. At this level, Commission staff estimates that, after providing additional student financial aid, this proposal would net approximately $161 million in new student fee revenue (see Attachment for an explanation of Commission staff's methodology for estimating necessary financial aid). The cost of providing these additional grants is approximately $176 million, or 52 percent, of the total $337 million in additional student fee revenue generated by this proposal. If this level of grant aid is provided and information regarding its availability is comprehensively distributed, Commission staff believe that undergraduate enrollment declines related *exclusively* to the student fee increase will be minimal. Staff's estimates of the additional fee revenue and financial aid associated with increasing State University undergraduate student fees to 25 and 50 percent of the cost of instruction are also presented in Display 4.

University of California

University of California students currently pay about 23 percent of the total average cost of instruction which Commission staff calculates to be $12,168 per FTES. As Display 4 indicates, if the State were to adopt a policy that required University undergraduate students to pay 30 percent of the total average cost of instruction, fees for a full-time undergraduate would increase $826 per year to a total of $3,650 per year -- approximately equivalent to the average student fees charged by the University's faculty salary comparison institutions. At this level, the Commission estimates that, after providing additional student financial aid, this proposal would net approximately $58 million in new student fee revenue (see Attachment for an explanation of Commission staff's methodology for estimating necessary financial aid). The cost of providing these additional grants is approximately $45 million, or 44 percent, of the total $103 million in additional student fee revenue generated by this proposal. If this level of grant aid is provided and information regarding its availability is comprehensively distributed, Commission staff believe that undergraduate enrollment declines related exclusively to the student fee increase will be minimal. Staff's estimates of the additional fee revenue and financial aid associated with increasing University undergraduate student fees to 35 and 50 percent of the cost of instruction are also presented in Display 4.

3. Set Student Fees at California's Public Colleges and Universities on a Sliding Scale Based on Income

The proposed option

Base fees paid by each student at California's public colleges and universities on student or parent income, depending on whether the student is dependent on his or her parents for support.

Background on the option

Given the limited availability of State resources, the impetus behind the proposal is logical and rational: reducing the State subsidy for wealthy students enrolled in California public higher education. The concept of charging students based on their ability to pay -- the purpose of this proposal -- is not new. Rather, it has been the practice of higher education institutions nationally for at least the last five decades. However, rather than charging students fees based on their or their family's adjusted gross income, higher education institutions have relied upon the financial aid process for determining the student's and his/her family's ability to pay.

Potential non-fiscal impact of the option

While Commission staff is generally supportive of the goal of this policy option -- focusing the State's limited resources on those students with the most limited financial resources -- it has identified the following concerns:

- The sliding fee scale would be costly to administer since the educational systems would have to establish an entity to collect and verify income information for each student and set fees based on that information. However, the Commission staff has spoken with staff at the Franchise Tax Board concerning the feasibility of collecting and verifying income information through the State's tax records, an option that the Commission staff believe could lessen the cost of verifying income information. Based on arrangements that are currently in place for other State agencies to collect income information, it appears that if the appropriate social security numbers could be submitted to the Franchise Tax Board (the student's for independent students and the parents' for dependent students), income information could be gathered rather inexpensively. Staff at the University of California have argued, however, that the Federal Privacy Act precludes the University from collecting and using social security numbers for this purpose.

  In any case, since financial aid would remain and continue to be important to many students, the resources needed to set and collect the appropriate fees from each student would be in addition to the resources needed to administer financial aid programs. In addition, once the fees for each student are set, having multiple student charges within an institution would probably require increased administrative oversight in the collection of student fees and hence increase the costs of fee collection within the systems.

- A multitude of student charges within a single institution could result from this policy option. The Commission staff is concerned that various charges within one institution could confuse prospective students.
- Basing student fees on income fails to account for factors other than income that can influence a student's ability to pay for college costs. The financial aid needs analysis system, which is used to determine eligibility for financial aid, yields a more sophisticated analysis of a student's family financial resources. It examines factors in addition to income such as assets, family size, and any mechanisms used to shelter income.
- The "step effect" is another issue which would need to be addressed prior to this proposal's implementation. For example, if the income level for triggering an increase in student fees was $60,000, individuals earning $59,990 would pay less than individuals earning only $10 more. This "step effect" could be partially alleviated, however, by having numerous steps, or eliminated entirely by setting the fee level at a specified percentage of income and making the two a linear relationship.
- This policy option would give the State's public institutions the incentive to enroll more students from high-income backgrounds in order to maximize revenue to the institution. This incentive would be inconsistent with the goal of providing access to all students regardless of income, which is central to each of these options.
- This policy option carries a possible negative impact on student attitudes and campus climate. To the extent that students from high-income families pay more in fees than students from less well-to-do families, the perception could develop that students from high-income families are subsidizing students from lower-income families. This could result in divisions in a campus student body rather than creating a community where all individuals are equal.

If the goal of the State is to decrease the level of support students from wealthy families receive from the State in the form of a subsidized higher education, rather than implementing a sliding scale student fee policy, policy makers should consider raising the level of fees for all students and using the existing financial aid system to determine a student's ability to pay. The financial aid system is better equipped for determining a student's ability to pay and could distribute increased amounts of financial aid to needy students, thereby continuing to provide access to those from low- and middle-income families. This alternative, however, runs counter to the State's historic commitment of keeping student fees as low as possible.

By charging all students the higher fee levels and by using the financial aid system to assist needy students with those fee increases, the State and its public institutions would not need to create a second, potentially costly bureaucracy for determining the amount of fees each student should pay. In addition, that system can better determine students' ability to pay than a system that relies exclusively on income as proposed by the sliding fee scale. Thus, relying upon the financial aid process rather than on the proposed sliding fee scale may be a more appropriate means by which to charge students based on their ability to pay for the reasons articulated above.

Potential fiscal impact of the option

The following analysis contains the Commission staff's estimates of the additional student fee revenue that would be generated by instituting three different types of sliding fee scales. There are, however, countless alternative ways in which such a fee policy could be structured, and they would generate equally numerous alternative amounts of fee revenue. Thus, the following analysis is meant simply to illustrate the fiscal impact of three types of sliding scale fee structures.

The approaches used in the three different sliding scale examples are illustrated in Displays 5 and 6 on pages 36-37. In each example, fees are eliminated for the lowest income students. In the first example, student fees are pegged at a percentage of the marginal cost of education that varies with income levels. The lowest income students pay 0 percent of marginal cost, and the percentage paid grows with income until the highest income students pay 100 percent of marginal cost. The second example is very similar to the first, except that it pegs fees to the average cost of instruction rather than the marginal cost of instruction. This example results in higher fees than the first example. The third example works differently than the first two in that it ties fees to a percentage of income rather than to a percentage of cost. Display 6 does not include fee levels associated with this example because every income level would have a different fee level.

In this analysis, it is assumed that, since implementation of any of these examples would eliminate fees for the lowest income students and since State financial aid is generally limited to covering fees, State support for grants for needy students at the public segments would no longer be needed. This would include financial aid administered by the public segments as

DISPLAY 5 Illustrative Sliding-Scale Fee Structure for Most Students Under 24 Years of Age[1]

Parent Income of Most Students Under 24 Years of Age	Option 1: Pay Percent of Marginal Cost				Option 2: Pay Percent of Average Cost			
	Percent of Marginal Cost	CCC Fees	CSU Fees	UC Fees	Percent of Average Cost	CCC Fees	CSU Fees	UC Fees
Less than $24,000	0%	$0	$0	$0	0%	$0	$0	$0
$24,000 - $35,999	5%	100	220	300	5%	159	378	608
$36,000 - $47,999	10%	200	440	600	10%	318	755	1,217
$48,000 - $59,999	20%	400	880	1,200	20%	636	1,510	2,434
$60,000 - $71,999	35%	700	1,540	2,100	35%	1,112	2,643	4,259
$72,000 - $83,999	55%	1,100	2,420	3,300	55%	1,748	4,153	6,692
$84,000 - 95,999	75%	1,500	3,300	4,500	75%	2,384	5,663	9,126
$96,000 and over	100%	2,000	4,400	6,000	100%	3,178	7,551	12,168

Source: California Postsecondary Education Commission staff calculations.

DISPLAY 6 Illustrative Sliding-Scale Fee Structure for Students 24 Years of Age and Older and Others[2]

Income of Students 24 Years of Age and Older and Others	Option 1: Pay Percent of Marginal Cost				Option 2: Pay Percent of Average Cost			
	Percent of Marginal Cost	CCC Fees	CSU Fees	UC Fees	Percent of Average Cost	CCC Fees	CSU Fees	UC Fees
Less than $12,000	0%	$0	$0	$0	0%	$0	$0	$0
$12,000 - $23,999	10%	200	400	600	10%	318	755	1,217
$24,000 - $35,999	25%	500	1,100	1,500	25%	795	1,888	3,042
$36,000 - $47,999	50%	1,000	2,200	3,000	50%	1,589	3,776	6,084
$48,000 - $59,999	75%	1,500	3,300	4,500	75%	2,384	5,663	9,126
$60,000 and over	100%	2,000	4,400	6,000	100%	3,178	7,551	12,168

1. These were students who, by financial aid definitions, were considered financially dependent in 1991-92. They were generally all students under 24 years of age, although some students under 24, such as veterans, married students, and students who could demonstrate adequate resources to have been independent for several years before receiving financial aid, were not included in this group.

2. These were students who, by financial aid definitions, were considered financially independent in 1991-92. They included all students 24 years of age and older and selected students under 24 such as those who were veterans, married students, and students who could demonstrate adequate resources to have been independent for several years before receiving financial aid.

Source: California Postsecondary Education Commission staff calculations.

well as Cal Grant funding (except Cal Grant B subsistence) used to support needy students within public institutions.

As illustrated in Display 7 on page 38, the fiscal impact of these options is measured in terms of both changes in student fee revenue and the money the State would save by eliminating financial aid grants to students in the public segments. Both changes in student fee revenue and changes in financial aid were calculated relative to estimated levels for 1992-93.

All calculations are for undergraduate students only and do not include any revenues generated by graduate students. Since these fee policy options would raise fees only for those students from families that are un-

Option 3: Pay Percent of Income		
CCC	CSU	UC
0.0%	0.0%	0.0%
0.5%	1.0%	1.5%
1.0%	2.0%	3.0%
1.5%	3.0%	4.5%
2.0%	4.0%	6.0%
2.5%	5.0%	7.5%
3.0%	6.0%	9.0%
3.5%	7.0%	10.5%

Option 3: Pay Percent of Income		
CCC	CSU	UC
0.0%	0.0%	0.0%
0.5%	1.0%	1.5%
1.0%	2.0%	3.0%
1.5%	3.0%	5.0%
2.5%	5.0%	7.5%
3.5%	7.0%	10.5%

likely to qualify for financial aid and would eliminate all or a portion of the fees for students from families likely to qualify for financial aid, this fiscal analysis, unlike the fiscal analyses of the other options in this report, assumes a reduction in support for financial aid.

California Community Colleges

In each of the alternative fee options presented in this analysis, students with the lowest incomes would pay no fees. In Option One, where fees would be tied to the marginal cost of instruction, Commission staff estimate that $140 million in additional fee revenue would be generated. In addition, there is currently $31 million in institutional financial aid used to cover fees that would become unnecessary since the lowest income students would be charged no fees. However, since this funding is a part of the Proposition 98 guarantee, it would not result in any General Fund savings and would continue to be used to support K-14 education. Thus, this option would have a net impact identical with the added fee revenue generated from the fee increase, or $140 million.

In Option Two, where fees would be tied to the average rather than the marginal cost of instruction, Commission staff estimate that $356 million in additional revenue would be generated. In Option Three, where fees would be a percent of income, Commission staff estimate that an additional $162 million in fee revenue would be generated.

The California State University

In each of the alternative fee options presented in this analysis, students with the lowest incomes would pay no fees. In Option One, where fees would be tied to the marginal cost of instruction, Commission staff estimate that $75 million less fee revenue would be generated than would be generated with the 1992-93 fee levels. However, $83 million in institutional and Cal Grant financial aid would become unnecessary since the lowest income students would be charged no fees. Thus, this option would have a net impact of $8 million.

In Option Two, where fees would be tied to the average rather than the marginal cost of instruction, Commission staff estimate that $110 million in additional revenue would be generated. Adding to this the $83 million in institutional and Cal Grant financial aid that would no longer be needed to cover fees would yield a net impact of $193 million.

Option Three, where fees would be a percent of income, would generate

DISPLAY 7 Implications of Implementing Three Types of Sliding Fee Scales in California's Public Colleges and Universities (Dollars in Millions)

	System		
	California Community Colleges	The California State University	University of California
OPTION 1: Percent of Marginal Cost			
Change in Student Fee Revenue	$140	-$75	-$95
Institutional Funds No Longer Required to Offset Fees	-- [1]	70	49
Reduced Cal Grant Funding	--	13	39
Net Impact	$140	$8	-$7
OPTION 2: Percent of Average Cost			
Change in Student Fee Revenue	$356	$110	$169
Institutional Funds No Longer Required to Offset Fees	-- [1]	70	49
Reduced Cal Grant Funding	--	13	39
Net Impact	$356	$193	$257
OPTION 3: Percent of Income			
Change in Student Fee Revenue	$162	$12	$101
Institutional Funds No Longer Required to Offset Fees	-- [1]	70	49
Reduced Cal Grant Funding	--	13	39
Net Impact	$162	$95	$189

1. While the $31 million currently used to support the community colleges' institutional financial aid program would no longer be needed to offset fees, this funding would remain a part of the Proposition 98 guarantee and would become a part of community college apportionments.

Source: California Postsecondary Education Commission staff calculations.

an additional $12 million in fee revenue. The net impact of this option would be $95 million after accounting for the $83 million in institutional and Cal Grant financial aid that would no longer be needed to cover fees.

University of California

In each of the alternative fee options presented in this analysis, students with the lowest incomes would pay no fees. In Option One, where fees would be tied to the marginal cost of instruction, Commission staff estimate that $95 million less fee revenue would be generated than would be generated with the 1992-93 fee levels. However, $88 million in institutional and Cal Grant financial aid would become unnecessary since the lowest income students would be charged no fees. Thus, this option would have a net impact of -$7 million.

In Option Two, where fees would be tied to the average rather than the marginal cost of instruction, Commission staff estimate that $169 million in additional revenue would be generated. Adding to this the $88 million in institutional and Cal Grant financial aid that would no longer be needed to cover fees would yield a net impact of $257 million.

Option Three, where fees would be a percent of income, would generate an additional $101 million in fee revenue. The net impact of this option would be $189 million after accounting for the $88 million in institutional and Cal Grant financial aid that would no longer be needed to cover fees.

4. Establish Guidelines for Setting Student Charges

The proposed option

The State should establish guidelines, as opposed to a specified formula, for annually setting and adjusting student charges at California's public colleges and universities.

Background on the option

In 1988, the Legislature requested the Commission to work in consultation with a broad-based advisory committee to develop a long-term policy relating to the setting and adjusting of nonresident tuition at California's public colleges and universities. As a result of those discussions, in 1989, the Commission recommended that, in annually adjusting the nonresident tuition level, each system, at a minimum, should consider: (1) the nonresident charges at comparable public institutions, and (2) the full average cost of instruction in their system. It further recommended that total nonresident charges not fall below the marginal cost of instruction for the system. The Commission's recommendation did not include any specific formula to be followed by the systems as they annually adjust nonresident tuition levels, only that they take into consideration the above factors as they set the tuition level. The Commission's recommendation was subsequently placed into State statute in 1990 through enactment of Senate Bill 2116.

The option proposed here would essentially replicate the current State policy relating to the adjustment of nonresident tuition and would identify those factors that the systems should consider as they annually adjust the student fee level. For example, the policy could direct the systems that, as they annually adjust their resident student fee levels, they take into consideration several factors, including, but not limited to: (1) charges at comparable public institutions, (2) the average cost of instruction, (3) the marginal cost of instruction, (4) overall State General Fund support, (5) the amount of resources necessary to offer a sufficient number of courses to allow students to make timely progress to their degree, and (6) the amount of aid needed to assist financially needy students in paying the cost of college attendance. The policy might also include some limits as to how much fees can increase or decrease in any given period.

Potential non-fiscal impact of the option

While this policy option would increase the systems' flexibility in adjusting student fee levels, without some limitations as to how much fees can increase in any one period, it raises questions as to whether future fee increases will be gradual, moderate, or predictable. These three principles

-- gradual, moderate, and predictable -- are fundamental elements of the State's existing fee policy and a discussion should occur about whether they should be incorporated into the State's future long-term student fee policy. Commission staff believe that, at a minimum, these principles should be included in the next long-term student fee policy as goals of the State and its public systems.

As is the case with any proposed increase in student fees, students from low- and middle-income backgrounds could be seriously affected if the State and its public institutions do not provide sufficient financial aid to offset the fee increase for needy students. As a result, special attention should be paid to ensure that adequate aid is provided to assist needy students in offsetting any fee increases that may occur as a result of implementation of this policy option.

Attachment Methodology for Estimating Eligibility for Financial Aid

This attachment describes the methodology utilized by the Commission to estimate the pool of financially needy students given the different fee increases considered in this report. The analyses in this report assume that all needy students receive grant aid to fully offset fee increases. They further assume that the funding to support this additional financial aid will come from fee revenue generated from the fee increase. Thus, the pool of needy students needs to be estimated in order to determine both the additional support needed to provide needy students with financial aid and the net revenue available given the student fee levels considered in this report.

Fee Levels

Fee levels for full-time students were identified according to the methodology specified in the option write-up. Fee levels for part-time students at the community colleges were calculated based on a per-unit cost and a load of six units per term. Fee levels for part-time students at the California State University were calculated assuming six units per term and charges that are 58 percent of the cost of a full-time load (as is the case with the 1992-93 fee structure at the State University). Since the proportion of University of California students who are part-time is so small -- less than 7 percent -- revenue estimates were made assuming that all University students were full-time. The ratio of full-time to part-time students in each segment was estimated based upon the results of the 1992 Student Expenses and Resources Survey, or SEARS.

Estimation of the Number of Financially Needy Students

After the gross revenue from each fee increase was calculated (based upon all students paying fees), the number of financially needy students requiring financial aid to offset the fee and the funding required to support this financial aid were estimated. These estimates were based upon the distribution of students' family incomes for each segment as identified in the SEARS results. Parent income was used for dependent students, and student income was used for independent students. All students with family incomes below certain levels (depending upon both whether the student was independent or dependent and the fee level) were estimated to be eligible for financial aid.

SEARS yielded family income information in income ranges, and not discrete levels of income. Thus, SEARS results lacked information on the number of students below some of the different income thresholds used to estimate the number of financially needy students given a certain fee level. In order not to be limited to the income levels specified in the SEARS income ranges, CPEC staff assumed that family incomes were distributed evenly across the income ranges. For example, in the income range of $24,000 to $35,999, it was assumed that there were the same number of individuals with incomes between $24,000 and $24,999 as there were with income between $33,000 and $33,999. Based on these assumptions, Commission staff made estimates of students below certain income levels not included in the results of SEARS.

In using family income to estimate the number of needy students, Commission staff is not suggesting that all students falling within these income categories actually receive grant assistance, but it uses this group as a proxy for the total number of students that would likely be determined to be financially needy, according to federal needs analysis standards. While the majority of students determined to be financially needy will likely fall within these income categories, some students from higher income groups will be needy and hence eligible for grant assistance, while all students from the income groups presented in this study may not be determined to be needy and hence would not receive aid.

The income levels below which students were estimated to be eligible for financial aid given different fee increases are listed below in Display 8.

DISPLAY 8 Income Levels Below Which Students Were Estimated to be Financially Needy, Given Specified Fee Levels

	Percentage of Cost of Instruction			Maintain Current Student Fee Policy
California Community Colleges	15%	25%	35%	
Full-Time Fee Level	$475	$800	$1,110	$330
Full-Time Dependent	$32,000	$33,000	$34,000	$32,000
Full-Time Independent	$22,000	$23,000	$24,000	$22,000
Part-Time Dependent	$31,000	$32,000	$32,000	$31,000
Part-Time Independent	$21,000	$22,000	$22,000	$21,000
The California State University	25%	35%	50%	
Full-Time Fee Level	$1,890	$2,640	$3,775	$1,439
Full-Time Dependent	$40,000	$42,000	$45,000	$39,000
Full-Time Independent	$18,000	$19,000	$20,000	$18,000
Part-Time Dependent	$38,000	$39,000	$41,000	$37,000
Part-Time Independent	$17,000	$17,000	$18,000	$17,000
University of California	30%	35%	50%	
Full-Time Fee Level	$3,650	$4,260	$6,085	$3,106
Dependent	$46,000	$48,000	$54,000	$44,000
Independent	$20,000	$21,000	$24,000	$20,000

Source: California Postsecondary Education Commission staff estimates.

The net fiscal impact of each fee level was calculated by subtracting the financial aid needed to assist needy students from the total fee revenue.

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

THE California Postsecondary Education Commission is a citizen board established in 1974 by the Legislature and Governor to coordinate the efforts of California's colleges and universities and to provide independent, non-partisan policy analysis and recommendations to the Governor and Legislature.

Members of the Commission

The Commission consists of 17 members. Nine represent the general public, with three each appointed for six-year terms by the Governor, the Senate Rules Committee, and the Speaker of the Assembly. Six others represent the major segments of postsecondary education in California. Two student members are appointed by the Governor.

As of April 1995, the Commissioners representing the general public are:

Henry Der, San Francisco; *Chair*
Guillermo Rodriguez, Jr., San Francisco; *Vice Chair*
Elaine Alquist, Santa Clara
Mim Andelson, Los Angeles
C. Thomas Dean, Long Beach
Jeffrey I. Marston, San Diego
Melinda G. Wilson, Torrance
Linda J. Wong, Los Angeles
Ellen F. Wright, Saratoga

Representatives of the segments are:

Roy T. Brophy, Fair Oaks; appointed by the Regents of the University of California;

Yvonne W. Larsen, San Diego; appointed by the California State Board of Education;

Alice Petrossian, Glendale; appointed by the Board of Governors of the California Community Colleges;

Ted J. Saenger, San Francisco; appointed by the Trustees of the California State University;

Kyhl Smeby, Pasadena; appointed by the Governor to represent California's independent colleges and universities; and

Frank R. Martinez, San Luis Obispo; appointed by the Council for Private Postsecondary and Vocational Education.

The two student representatives are:

Stephen Lesher, Meadow Vista
Beverly A. Sandeen, Costa Mesa

Functions of the Commission

The Commission is charged by the Legislature and Governor to "assure the effective utilization of public postsecondary education resources, thereby eliminating waste and unnecessary duplication, and to promote diversity, innovation, and responsiveness to student and societal needs."

To this end, the Commission conducts independent reviews of matters affecting the 2,600 institutions of postsecondary education in California, including community colleges, four-year colleges, universities, and professional and occupational schools.

As an advisory body to the Legislature and Governor, the Commission does not govern or administer any institutions, nor does it approve, authorize, or accredit any of them. Instead, it performs its specific duties of planning, evaluation, and coordination by cooperating with other State agencies and non-governmental groups that perform those other governing, administrative, and assessment functions.

Operation of the Commission

The Commission holds regular meetings throughout the year at which it debates and takes action on staff studies and takes positions on proposed legislation affecting education beyond the high school in California. By law, its meetings are open to the public. Requests to speak at a meeting may be made by writing the Commission in advance or by submitting a request before the start of the meeting.

The Commission's day-to-day work is carried out by its staff in Sacramento, under the guidance of its executive director, Warren Halsey Fox, Ph.D., who is appointed by the Commission.

Further information about the Commission and its publications may be obtained from the Commission offices at 1303 J Street, Suite 500, Sacramento, California 98514-2938; telephone (916) 445-7933.

A NEW STATE POLICY ON COMMUNITY COLLEGE STUDENT CHARGES

Commission Report 95-1

POSTSECONDARY EDUCATION CALIFORNIA COMMISSION

ONE of a series of reports published by the California Postsecondary Education Commission as part of its planning and coordinating responsibilities. Single copies may be obtained without charge from the Commission at 1303 J Street, Suite 500, Sacramento, California 95814-2938. Recent reports include:

94-10 *California's Associate Degree Programs for Preparing Licensed Teacher Assistants: A Report to the Legislature in Response to Senate Bill 156 (Chapter 1345, Statutes of 1989)* (June 1994)

94-11 *The Role of the Commission in Achieving Educational Equity: A Declaration of Policy* [Original version published in December 1988 as Commission Report 88-42] (June 1994)

94-12 *Appropriations in the 1994-95 State Budget for Postsecondary Education: A Staff Report to the California Postsecondary Education Commission* (August 1994)

94-13 *Faculty Salaries in California's Community Colleges, 1993-94: A Report to the Legislature and Governor in Response to Supplemental Language for the 1979 Budget Act* (August 1994)

94-14 *Executive Compensation in California Public Higher Education, 1993-94: The Second in a Series of Annual Reports to the Governor and Legislature in Response to the 1992 Budget Act* (August 1994)

94-15 *Comments at Public Forums Regarding the Commission's State Postsecondary Review Entity (SPRE) Program and Its Draft Standards, with Staff Responses: A Staff Report to the Commission's Ad Hoc Committee on Federal Programs* (October 1994)

94-16 *State Postsecondary Review Entity (SPRE) Standards, as Submitted to the Office of Administrative Law and the United States Secretary of Education* (October 1994)

94-17 *Fiscal Profiles, 1994: The Fourth in a Series of Factbooks About the Financing of California Higher Education* (Ocober 1994)

94-18 *Proposed Construction of the Palmdale Center of the Antelope Valley Community College District: A Report to the Governor and Legislature in Response to a Request from the Board of Governors of the California Community Colleges* (October 1994)

94-19 *The Performance of California Higher Education, 1994: The First Annual Report to California's Governor, Legislature, and Citizens in Response to Assembly Bill 1808 (Chapter 741, Statutes of 1991)* (December 1994)

94-20 *Student Profiles, 1994: The Latest in a Series of Annual Factbooks About Student Participation in California Higher Education* (December 1994)

1995

95-1 *A New State Policy on Community College Student Charges* (February 1995)

95-2 *The WICHE Compact: An Asssessment of California's Continued Membership in the Western Interstate Commission for Higher Education* (February 1995)

A NEW STATE POLICY ON COMMUNITY COLLEGE STUDENT CHARGES

Commission Report 95-1

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